

ASX RELEASE

30 January 2025

Quarterly Activities and Appendix 4C December 2024

Highlights

- Total sales of sustainable products up 32.0% on PCP to \$4.1m in Q2 FY25
- Record global sales of MyEco branded products, up 155.8% to \$1.6m in Q2 FY25
- Gross margins increased to 26.3% in Q2 FY25 from 19.3% in Q1 FY25
- MyEco Group had a cash balance of \$3.55m as at 31 December 2024
- Sales growth is expected to continue in the second half of FY25
- Strategic and operational repositioning underway

The Board of MyEco Group Ltd (ASX: MCO, “MyEco Group” or “the Company”), a developer and manufacturer of sustainable packaging and materials, presents its Quarterly Activities Report and Appendix 4C Quarterly Cash Flow Statement for the December 2024 quarter. All figures are in A\$ and are provided on an unaudited basis.

Financial Update

Sales

Total sales of sustainable products were \$4.1m in Q2 FY25, up 32.0% on prior corresponding period (PCP), and up 10.6% quarter on quarter (QOQ) primarily due to strong growth in MyEco[®] branded global sales and Council and waste management sales.

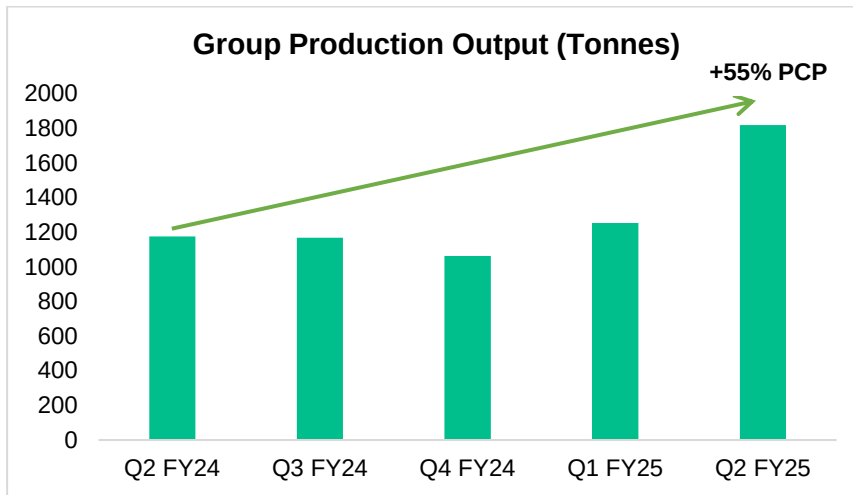
Results include:

- Record quarter for MyEco[®] branded global sales which were up 155.8% on PCP to \$1.6m in Q2 FY25, and up 75.2% QOQ driven by strong sales growth in MyEcoWorld in the USA (295.9% QOQ) and continued success of sales of reuseable compostable carry-bags from 76 Ritchies stores
- Council and waste management sales were \$1.3m in Q2 FY25, up 55.1% on PCP and up 50.3% QOQ
- Sustainable resin sales were \$0.5m in Q2 FY25, down 41.5% on PCP and down 49.5% QOQ
- Sustainable film sales were \$0.2m in Q2 FY25, down 9.2% on PCP and down 34.0% QOQ
- Gross margins increased to 26.3% in Q2 FY25 up from 19.3% in Q1 FY25, and 23.0% in H1 FY25 up from 17.6% on PCP due to increased sales volumes and improved customer mix

Further information on sales performance is provided in the Sales Update below.

Cash

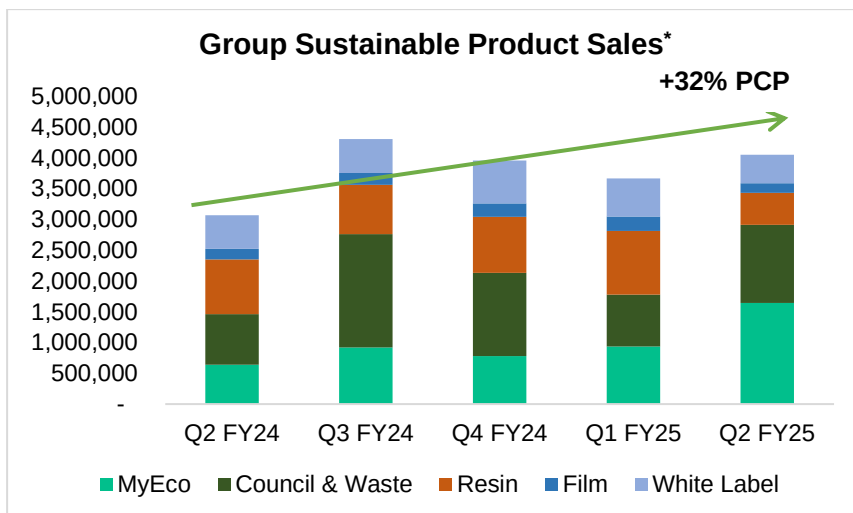
Net operating cash flows were negative \$1.4m in Q2 FY25 primarily driven by required increases in production to build up inventory to meet anticipated orders to be delivered in the second half of FY25. Cash receipts from customers in Q2 FY25 were \$5.0m, up \$0.8m QOQ due to increased sales in Q2 FY25. Cash payments to suppliers/employees in Q2 FY25 were \$6.4m, up \$1.4m QOQ due to the increase in production to build inventory. Capital expenditure of \$0.01m was invested during Q2 FY25.



Pursuant to ASX Listing Rule 4.7C, as noted in Section 6.1 of the Company's Appendix 4C Cashflow Statement, payments made to related parties and their associates totals \$168,051 for Q2 FY25 relating to Directors' remuneration and fees.

Sales Update

The following sales update was provided in our 13 January 2025 ASX release.



* MyEco Group ceased trading in traditional plastics in Q2 FY24 and recorded nil sales in Q2 FY25 in this sector compared to \$0.4m in PCP. Traditional plastics sales are not included in this chart.

Sustainable Bags

MyEco® branded sustainable products

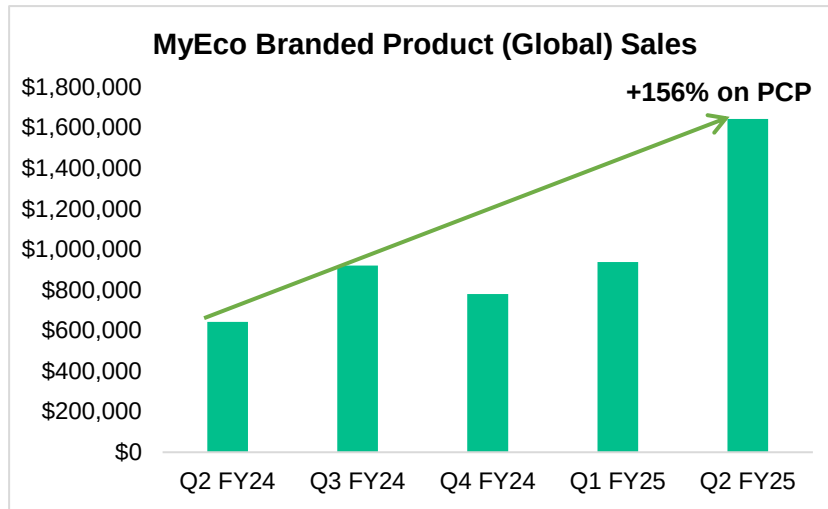
MyEco Group achieved record sales of \$1.6m of MyEco® sustainable products to retailers in Australia and USA, up 155.8% on PCP.

Growth initiatives have delivered \$0.5m sales in Q2 FY25 in the USA with MyEco Group distributor Jewett Cameron Company (JCC) increasing orders of MyEcoWorld® sustainable bags to supply to Costco.com and Costco Mexico and continuing to work with KeHe and UNFI (United Natural Foods Inc.), two of the largest wholesale distributors in North America, to service the many other retailers across the USA.

The launch of compostable carry-bags into 76 Ritchies stores in Q1 FY25 has delivered stronger sales in Q2 FY25 and \$0.7m of advance orders for delivery in Q3 FY25. Replacing paper and plastic retail check-out bags with reuseable compostable bags is an area of focus as MyEco

Group looks to leverage its success to increase the number of retailers using this sustainable solution to the world's plastic problem.

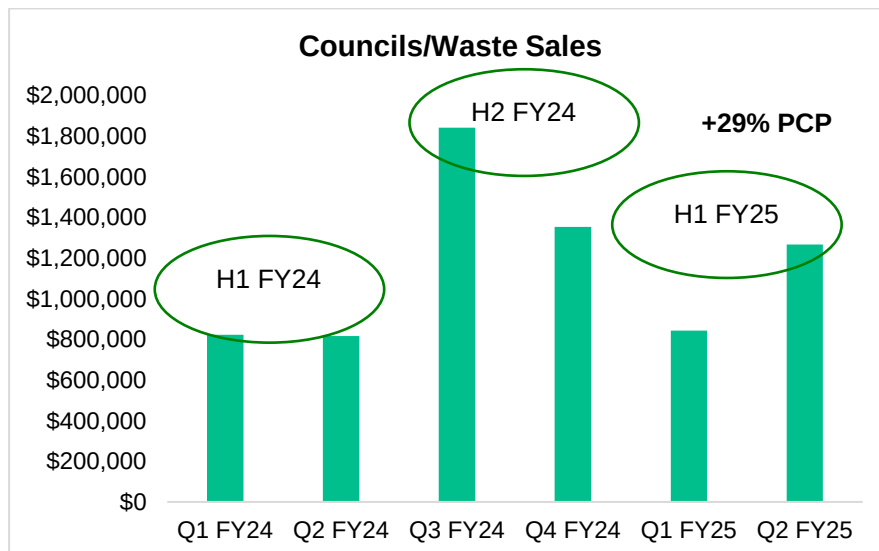
MyEco® sustainable products are a key pillar of the Company's growth strategy. MyEco Group expects sales growth in this category to continue in FY25, driven by organic growth of existing products including sales to new customers.



Council and Waste Management, Australia

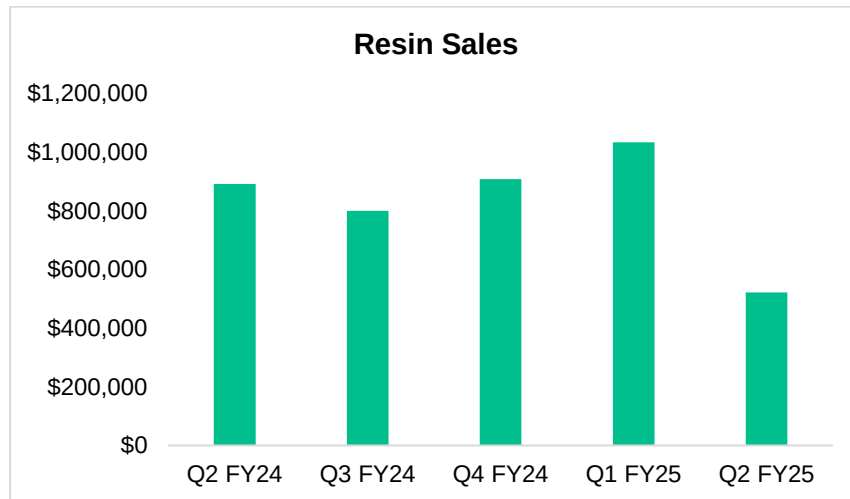
Council and waste management sales in Q2 FY25 increased 55.1% on PCP and 50.3% QOQ. Sales for the first half of FY25 were up 28.7% on PCP. The national reach of the Company's product supply increased from 52 councils to 56 councils in the 6 months to the end of December 2024.

Sales in the second half of each financial year are typically stronger, and MyEco Group expects this to be the case for FY25 due to the preference for Councils to rollout FOGO programs in the months transitioning from summer to autumn. This is further demonstrated by the Company's recent successful tender for the Ballarat Council in Victoria, servicing 51,000 residential households, which is projected to add \$0.9m in revenue in Q4 FY25.



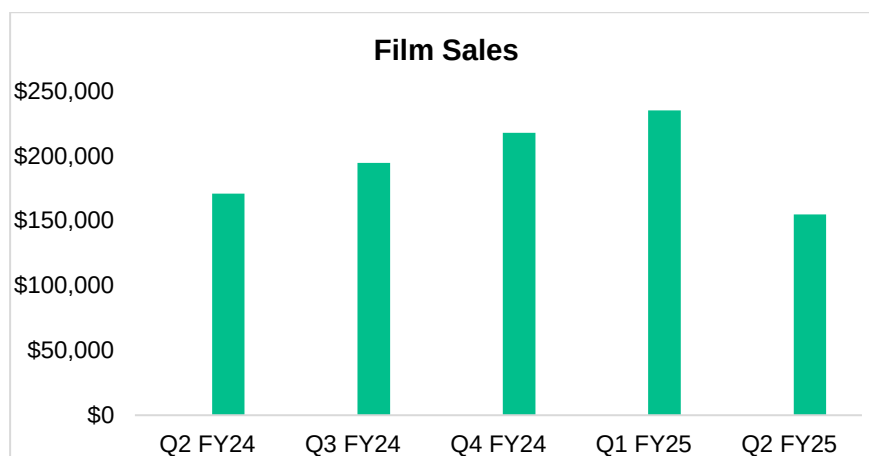
Sustainable Resin

Sustainable resin sales were down 41.5% on PCP and 49.5% QOQ. Market conditions for the sale of the Company's resins in LATAM remain volatile with longer delivery lead times and unattractive credit terms creating a disincentive for the business to expand resin sales in the region. Although the Company aims to continue to build mutually beneficial partnerships for the sale of certain types of its resins, it will focus on utilising its resin capacity for the manufacture of the Company's own MyEco® branded products which are performing at record levels and expected to continue to grow. MyEco Group is committed to continue to develop future grades of resins to meet the growing need for sustainable products.



Sustainable Film

Sustainable film sales representing a relatively small component of the business (\$0.2m for Q2 FY25), were down 9.2% on PCP and 34.0% QOQ. As part of its medium-term strategy, MyEco Group will continue development of high-speed compostable wrapping film products, targeting the growing, high-volume sustainable pallet and magazine wrap markets, which is being trialled with several prospective customers. In parallel, the Company is developing a distribution channel to support the sale of our compostable and sustainable film products in major geographical markets.



Draft Service Standard Update

The Company has played a major leadership and advocacy role within Australia to ensure scientific and fact-based data was provided to the Victorian Government in relation to the Draft Service Standard which could potentially impact the use of certified compostable caddy liners. Evidence provided by MyEco Group and other leading industry bodies supports the continued use of Certified Compostable caddy liners in FOGO as they significantly enhance environmental outcomes by diverting over 30% more organic household waste from landfill.

During the consultation period, MyEco Group was also able to demonstrate the damage to the environment from the use of paper alternatives which are unregulated and uncertified, with many paper bags produced using unknown linings to prevent leakage and which do not achieve the high quality and performance standards that MyEcoBag® products offer to ensure that organic waste can be transported effectively from households to composters.

The Victorian Government is yet to provide an update on their proposal to ban compostable bin liners in FOGO. MyEco Group has not received a response to its formal submission and request for a decision.

It is the Company's understanding that no other State is planning to introduce any bans that are similar to that being proposed by the Victorian Government. In fact, several States are introducing policies to ensure compostable bin liners, and in some cases shopping produce bags, are mandatory. We continue to seek clarification from the Victorian Government regarding their position on compostable bin liners within Victoria and will update the market as soon as this information is made available.

Outlook

The Company continues to pursue its strategy of becoming a globally recognized sustainable products brand with the recent change of the Company's name to MyEco Group Ltd. The strategy is to make MyEco® branded products the cornerstone of the Company's growth strategy with ongoing innovation in biopolymer technology underpinning the longer-term value of the business. The significant growth in MyEco® branded product sales demonstrates the results of this commitment.

The Company's board, in collaboration with management, has been refining its sales strategy and conducting an operational review to transform its structure and better align it with the anticipated growth of MyEco® branded products. Additionally, the Company is exploring the repositioning of its resin business to better align it with current market conditions. These changes aim to drive profitability in the medium term. Further updates on these strategic adjustments and repositioning efforts will be shared in the near future.

In the short term, MyEco Group is expected to grow total sales in the second half of FY25. MyEco® branded sales to supermarkets and other retailers are expected to grow in Australia and abroad and sales to local Councils are expected to increase in the second half of FY25 based on contracts in place, current FOGO orders, and new Council business. The growth in this business will continue as additional Councils introduce FOGO programs and householders continue to adopt food scrap diversion to organic composting programs.

MyEco Group is working with the Australian Government funded Solving Plastic Waste Cooperative Research Centre, as well as RMIT scientists, to develop new compound formulations and film structures to substitute plastic packaging and to generate additional data to enable more informed decisions regarding the acceptance of flexible compostable alternatives to conventional plastic packaging by stakeholders.

This announcement was authorised for release by the Board of MyEco Group Ltd.

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About MyEco Group Ltd (ASX: MCO)

MyEco Group Ltd (ASX: MCO) is a leading developer and manufacturer of sustainable packaging materials. MyEco Group supplies its proprietary biodegradable and compostable resins, packaging products and films to a blue-chip global customer base. MyEco Group is integrated from resin production, into film and can develop bespoke compostable solutions for a range of applications.

MyEco Group holds a strong patent portfolio and the global trend toward sustainable packaging is fuelling the Company's growth.

The Company's headquarters and Global Application Development Centre are based in Melbourne, Australia. MyEco Group has a Product Development Centre and manufacturing plant for resins and finished products in China and a resins plant in Malaysia.

MyEco Group has sales offices in Australia, Malaysia, China Mexico and the USA, with a network of reputable distributors across the Americas, Europe and Asia.

Disclaimer and Explanatory Notes Forward Looking Statements

This document may include forward looking statements. Forward looking statements include, but are not necessarily limited to, statements concerning MyEco Group's planned operational program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "budget", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although MyEco Group believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, including but not limited to risks and uncertainties relating to impacts that may arise from Covid-19, and no assurance can be given that actual results will be consistent with these forward-looking statements. MyEco Group confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

MYECO GROUP LTD

ABN

89 064 755 237

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,989	9,234
1.2 Payments for		
(a) research and development	(134)	(291)
(b) product manufacturing and operating costs	(4,459)	(7,357)
(c) advertising and marketing	(472)	(939)
(d) leased assets		
(e) staff costs	(950)	(2,013)
(f) administration and corporate costs	(414)	(783)
1.3 Dividends received (see note 3)		
1.4 Interest received	25	35
1.5 Interest and other costs of finance paid	(15)	(31)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,430)	(2,144)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(63)	(89)
(d) investments		
(e) intellectual property		

	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-	35
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(63)	(54)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (principal component of lease payments)	(180)	(383)
3.10	Net cash from / (used in) financing activities	(180)	(383)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,201	6,108
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,430)	(2,144)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(63)	(54)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(180)	(383)
4.5	Effect of movement in exchange rates on cash held	20	21
4.6	Cash and cash equivalents at end of period	3,548	3,548

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,548	5,201
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,548	5,201

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	168
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,430)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,548
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,548
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.5
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2025

Authorised by: **By the board**

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.