



29 January 2021

The Manager
ASX Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

By email

Dear Sir/Madam

Activities Report and Appendix 4C – quarter ended 31.12.2020

In accordance with Listing Rule 4.7B, please find attached M8 Sustainable Limited's Activities and Appendix 4C cashflow reports for the quarter ended 31.12.2020.

This announcement is authorised for market release by the Board of Directors.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'John Colli', written over a thin horizontal line.

John Colli
Company Secretary



ASX Announcement | 29 January 2021

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

KEY POINTS

- Solid growth experienced at the Maddington Waste Facility (“**Maddington**”) in the December quarter:

	C&D In (m ³)	C&I In (m ³)	Daily Average In (m ³)	Product Sales (tonnes)
December Quarter 19	4,033	6,168	162	3,560
March Quarter 20	5,185	13,227	292	4,337
June Quarter 20	12,149	2,726	242	4,901
September Quarter 20	24,490	3,100	430	16,799
December Quarter 20	32,464	5,179	640	22,846

- Stable growth in clients, with the Company’s recurring client base increasing to 107
- Revenue from contracts with customers increased by 24.7% from the previous reporting quarter
- Development and construction of the Gingin Landfill Facility (“**Gingin**”) remains on track, with liner installation due to commence in the March 2021 quarter
- Mark Puzey was appointed Chairman of the Board and Stephen Hyams as a Non-Executive Director

M8 Sustainable Limited (“**M8S**” or “**the Company**”) provides the following update on its activities for the quarter ended 31 December 2020.

MADDINGTON WASTE FACILITY

M8S continues to position the Maddington Waste Facility as a key provider of Construction & Demolition (C&D) and Commercial & Industrial (C&I) waste services in Perth’s metropolitan corridor.

Maddington has had a sustained period of growth since June 2020, with quarter-on-quarter growth across all waste streams.

In the March Quarter, M8 will continue to optimise its business model at Maddington and is targeting an increase in higher value waste. The Company is looking to develop alliances to access more specialised Class 1 inert waste streams; which are lower volume but higher revenue and improved margins compared to traditional C&D waste sources.

M8 is also developing opportunities in other waste sectors in order to diversify its portfolio of waste management assets and classes of wastes it is able to process, as well as a focus on increasing product sales and reducing operating costs.

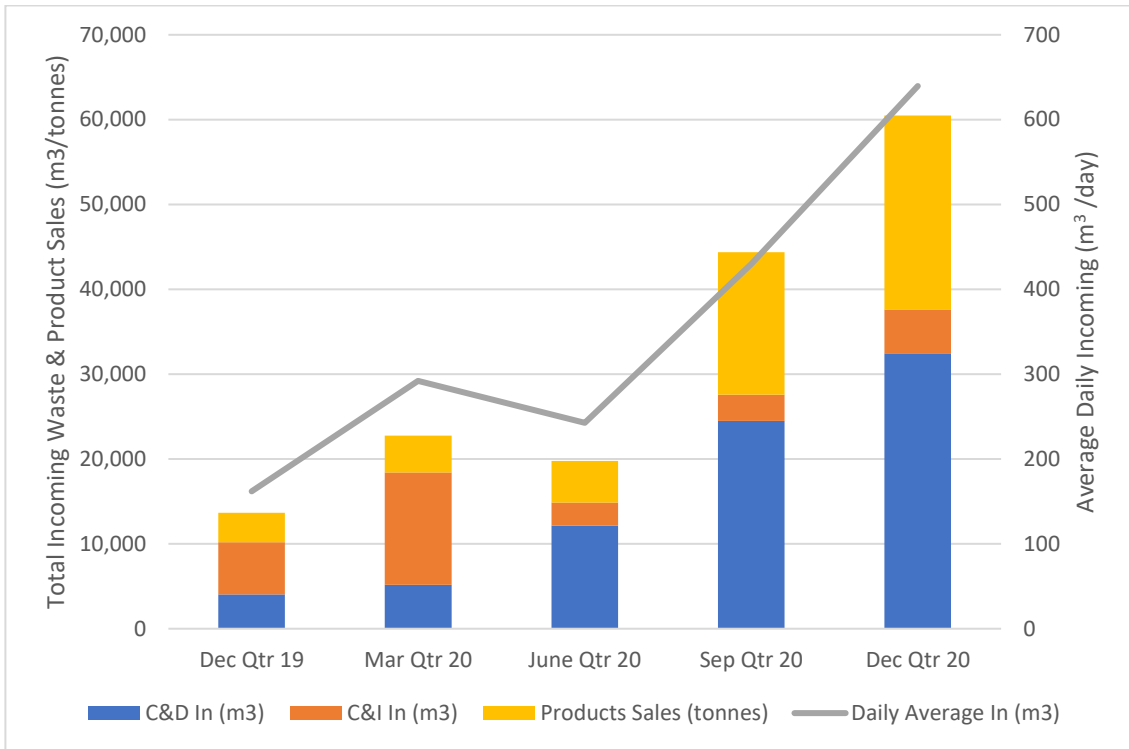


Figure 1: Quarterly Maddington Waste & Product Sales Volumes

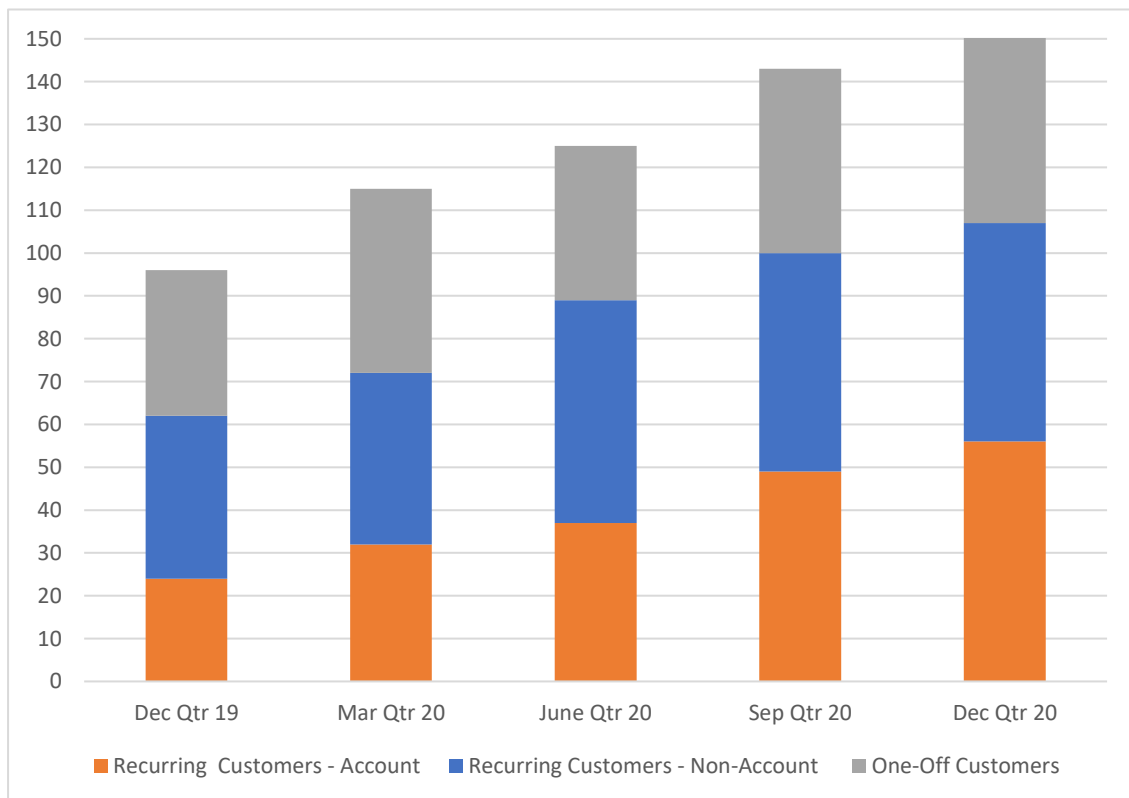


Figure 2: Customers Utilising Maddington

GINGIN LANDFILL PROJECT

The Company is in the process of developing Gingin, a fully permitted landfill facility with a licensed capacity of 150,000 tonnes per annum.

During the period there was limited activities undertaken with respect to the Gingin project. Cell liners have been ordered and delivered to site. The Company is awaiting the results of independent testing to ensure the required specifications for the liners have been satisfied.

Construction activities are due to re-commence in this March 2021 quarter, with the installation of the liners.

CORPORATE

As previously announced, during the reporting quarter, Robert McKinnon and Richard Allen resigned as directors of the Company on 14 October 2020.

Mark Puzey has assumed the role of Chairman of the board.

On 6 November Stephen Hyams was appointed as a non-executive director of the Company.

A summary of expenditure incurred for activities undertaken during the reporting period is as follows:

Operating Activities: \$507k in total (net of receipts from customers, government grants and tax incentives)

Receipts - \$1,621k

- 1,292k – Receipts from customers
- \$315k – R&D claim received
- \$13k – Federal COVID-19 incentive cashflow support payments received
- \$1k – Interest received

Payments - \$2,128k

- \$750k - incurred on manufacturing and operating costs consisting of waste disposal, transport, equipment hire, utilities and repairs and maintenance costs
- \$898k - employment costs including all on-costs
- \$445k - insurance costs, legal, IT, consultancy, variable outgoings on leased property and audit fees
- \$35k - interest paid for insurance funding and finance charges for mobile plant and equipment financing and other finance cost.

Investing Activities: \$1,895k in total

- \$553k - Gingin landfill activities including capital work in progress.
- \$248k – Capitalised interest expenses for Gingin landfill activities.
- \$1,094k - Purchase of mobile plant and equipment

Financing Activities: \$544k in total

Receipts - \$1,048k

- \$199k – insurance premium funding received
- \$849k – receipts from loan for mobile plant and equipment

Payments - \$504k

- \$250k – short-term loan
- \$109k – lease payments for mobile gear and Maddington recognised as repayment of principal amount as per AASB16
- \$145k – short term loan provided to related party.

Pursuant to ASX Listing Rule 4.7C.2 the following table shows a comparison of actual expenditure incurred during the reporting quarter for each item shown in the “use of funds” statement as contained in the Company’s prospectus which was lodged with the ASX on 9 December 2019.

Funds available	Full Subscription (as per prospectus) \$	Percentage of funds	Actual spent Quarter ended 31.12.2020 \$	Actual spent since ASX listing (11.12.2019 to 30.09.2020) \$
Repayment of principal amount borrowed from SBANG	4,400,000	22.6%		4,400,000
Payment of interest on loan from SBANG	1,222,805	6.3%		1,255,333
Development of the Gingin Facility	9,500,000	48.7%	552,594	3,458,542
Capitalised interest expense under Gingin Facility	-	0.0%	248,250	634,216
Working Capital	2,526,190	13.0%	507,002	4,855,352
Expenses of Offers	1,851,005	9.5%		1,898,316
Other/capex	-	0.0%	550,837	595,774
	19,500,000	100.0%	1,858,684	17,097,533

From a capital raising of \$19,500,000, a total of \$17,097,533 has been incurred/spent to 31 December 2020. The material variances are explained as follows:

- **Development of Gingin Facility:** The Company is progressing with the ongoing development of the landfill facility. The first stage which involved bulk earthworks, construction of cell 1 and access roads has been completed. Liners for cell 1 have been acquired. Limited activities occurred during the reporting quarter, as the Company awaits test results of the liner specifications. The liner installation is anticipated to commence in the March 2021 quarter.
- **Working Capital:** While the Maddington recycling facility is in the process of ramping up, the working capital gap is greater than earlier envisaged. In addition, the COVID-19 crisis posed some challenges to certain business sectors that relate to the Company’s activities. However, volumes have been improving since the March 2020 quarter (refer to Maddington Waste Facility section above).

ENDS-

For further information please contact:

Tom Rudas, Managing Director, (08) 61409518

Michael Weir, Citadel-MAGNUS 0402 347 032, or,

Cameron Gilenko, Citadel-MAGNUS 0466 984 953

Appendix 4C

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

Name of entity

M8 Sustainable Limited

ABN

12 620 758 358

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months 31.12.20) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,292	2,309
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(750)	(1,446)
(c) advertising and marketing	0	0
(d) leased assets	0	0
(e) staff costs	(898)	(1,610)
(f) administration and corporate costs	(445)	(646)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(35)	(72)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	328	466
1.8 Other (IPO Related Expenses)	0	0
1.9 Net cash from / (used in) operating activities	(507)	(997)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	(1,647)	(1,937)
(d) capitalised interest expense	(248)	(441)
(e) investments	0	0

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months 31.12.20) \$A'000
	(f) intellectual property	0	0
	(g) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
0	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	(1,895)	(2,378)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	1,048	1,233
3.6	Repayment of borrowings	(359)	(624)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (short term loan)	(145)	(145)
3.10	Net cash from / (used in) financing activities	544	464
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,112	4,165
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(507)	(997)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months 31.12.20) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,895)	(2,378)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	544	464
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	1,254	1,254

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	1,254	1,254
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,254	1,254

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	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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

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

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	4,000	0
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	4,000	0

7.5 **Unused financing facilities available at quarter end** 4,000

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.

M8S entered into a loan agreement with SBANG Sustainable Energies Limited, a Thailand based company for AUD 4,000,000 at the interest of 10% per annum. The termination date of the of the loan is 24 months after the first advance is made or such other date that is agreed upon by both parties in writing.

Shareholder approval for this facility was obtained at the Company's annual general meeting held on 5 June 2020.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(507)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,254
8.3 Unused finance facilities available at quarter end (Item 7.5)	4,000
8.4 Total available funding (Item 8.2 + Item 8.3)	5,254
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	10

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: Not Applicable

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: Not Applicable

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: Not Applicable

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: 29 January 2021

Authorised by: the board of directors
(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.