



29 October 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 30.09.2021

In accordance with Listing Rule 4.7B, please find attached M8 Sustainable Limited's Activities and Appendix 4C cashflow reports for the quarter ended 30.09.2021.

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 October 2021

## **QUARTERLY ACTIVITIES REPORT** **FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

### **KEY POINTS**

- Key focus on growing metals recycling activities at Maddington Waste Facility (“Maddington”)
- Revenue from metals recycling at Maddington increased by 45% from previous quarter to \$4.1m
- Total revenue at Maddington increased by 12% from previous quarter to \$4.5m
- Launch of Access Waste – an industry first, cloud-based waste management and logistics platform
- Construction of Gingin Landfill Facility progressing, with commencement of operations on target for Q1 2022
- Successfully completed a fully underwritten 1 for 1 renounceable rights issue to raise \$4.7m

M8 Sustainable Limited (“**M8S**” or “**the Company**”) is pleased to provide the following update on its activities for the quarter ended 30 September 2021.

### **MADDINGTON WASTE FACILITY**

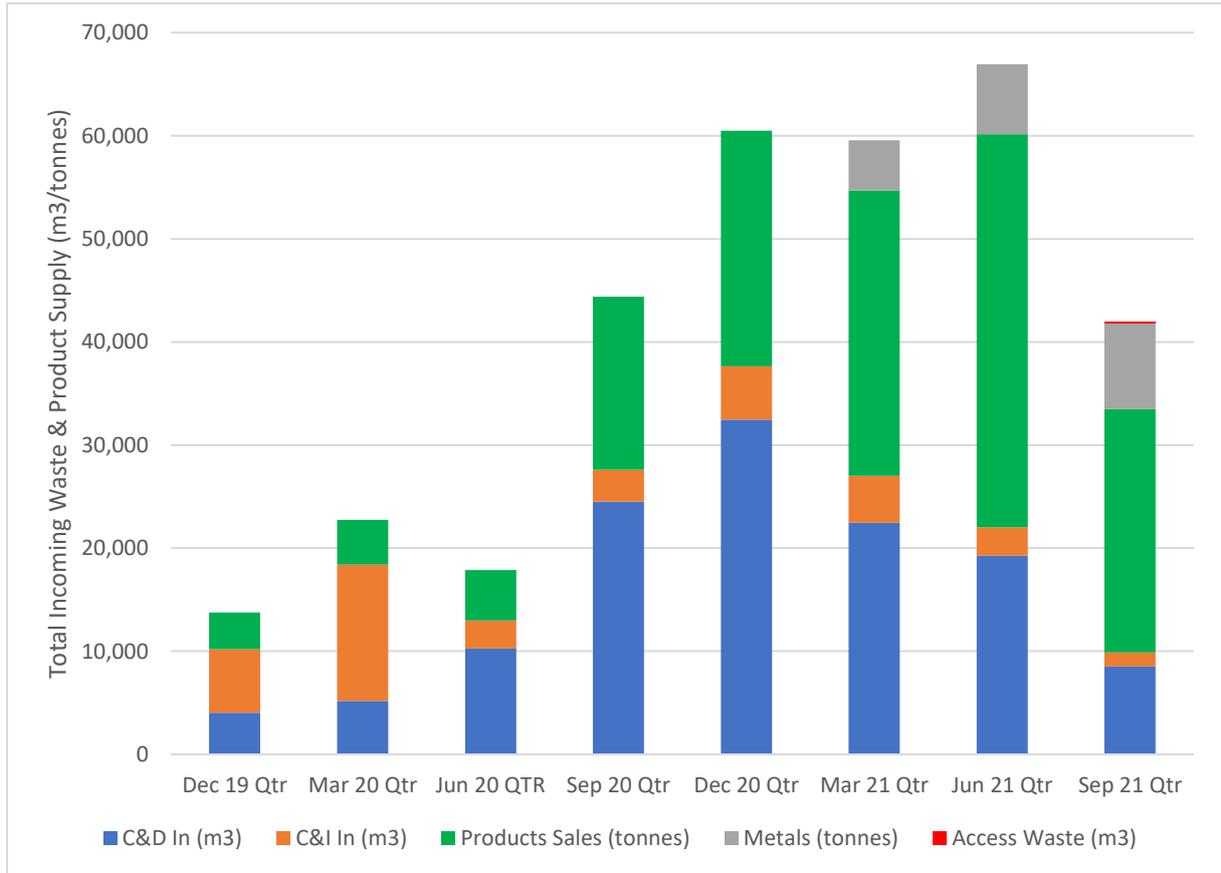
Maddington is a fully-permitted Construction & Demolition (C&D) and Commercial & Industrial (C&I) recycling facility with a combined annual licensed capacity of 500,000 tonnes per annum (tpa).

The Company continued to successfully progress its revised strategy of focussing on metals recycling activities at Maddington, whilst awaiting completion of construction and Licensing of its Gingin facility.

Total revenue generated from metals recycling at Maddington in the quarter increased by 45% from the previous quarter to \$4.1m. The strength in revenue growth is a good result for the Company following a strategic pivot.

Total revenue from contracts with customers increased 12% to \$4.5m.

The following chart shows volumes of product sales and incoming C&D volumes which were impacted by seasonally wet conditions which had a consequent effect on civil construction activities.



**Figure 1: Quarterly Maddington Waste & Product Sales Volumes**



**Figure 2: Maddington Waste Facility**



*Figure 3: Metals Recycling*

## **ACCESS WASTE**

M8S was pleased to launch Access Waste – an industry first, cloud-based waste management and logistics platform. Access Waste involved the creation of a 50/50 joint venture to establish iHUB Technologies Pty Ltd - the entity which will provide the software platform for Access Waste.

The development and launch of Access Waste is a key component of the Company’s waste strategy designed to generate waste for disposal at Gingin and support of daily operations at the Maddington Waste Facility, whilst minimising the Company’s investment in logistics infrastructure by utilising 3rd party logistics providers to service M8S customers.

M8S plans to invest \$351k over an 18-month period to acquire the intellectual property associated Access Waste. Additionally, the Company has also incurred capital expenditure of \$314k to acquire the required equipment for the new venture.

Subsequent to the quarter, the Company provided an update on Access Waste, with the platform being extremely well received by Perth residents and businesses and surpassing the expectations of M8S.

Access Waste bins, trucks and partner vendors have been operating in many locations across the Perth metropolitan area. Customer feedback has been positive and reaction to the platform’s automated booking system and general service levels has been very encouraging with strong initial growth in sales of skip bin services and waste volumes.



Figure 4: Access Waste website [www.accesswaste.com.au](http://www.accesswaste.com.au)

The commercial roll-out of Access Waste is set to take place in three stages, with ramp-up of volume generation (phase two) planned to coincide with the anticipated opening date of the Company’s flagship Gingin Waste Management Facility (“Gingin”) in the first quarter of calendar 2022.

Currently, Access Waste is focusing on the launch of its the cloud-based logistics systems, asset procurement, branding, mobilisation of operational assets and roll-out of its waste collection services.

## GINGIN LANDFILL PROJECT

Construction is progressing in accordance with the contract with SBANG Australia Pty Ltd at the Company’s fully-permitted Gingin landfill facility. However, there have been minor delays that have arisen due to wet weather and the supply of key materials associated with COVID.

Gingin has a licensed capacity of 150,000 tpa.

Key areas of focus for completion are ancillary site works which include a system of internal roads, perimeter fencing, drainage system and site amenities structures. Secondary liners are being delivered to the site and their installation is imminent.

Gingin is anticipated to commence operations in the first quarter of the 2022 calendar year following receipt of its operating licence from DWER.



**Figure 5: Cell 1 ready for Liners**



**Figure 4: Cell Liners awaiting installation**

## **CORPORATE**

The Company successfully completed a fully underwritten 1 for 1 renounceable rights issue.

The funds raised totalled \$4.7m, which will be utilised to grow the metals recycling activities at Maddington, complete construction of Gingin and provide additional working capital for the Company.

M8S announced the appointment of Jonathan Fisher as an independent, Non-Executive Director. Mr Fisher's background in corporate finance and the waste industry, as well as having held executive positions on ASX listed entities will bring valuable skills and experience to the Board of M8S.

A summary of cash flow during the reporting period is as follows:

Operating Activities: \$558k in total

*Receipts - \$4,620k*

- \$4,606k - receipts from customers
- \$14k - interest received

*Payments - \$5,178k*

- \$3,993k - manufacturing and operating costs (Including increased level of metal recycling activity)
- \$622k - employment costs including all on-costs
- \$411k - insurance costs, legal, IT, consultancy, variable outgoings on leased property and audit fees
- \$152k - interest and other finance costs

Investing Activities: \$2,770k in total

- \$2,215k - purchase of plant and equipment including Gingin landfill capital work in progress
- \$555k - capitalised interest expenses for Gingin landfill activities

Financing Activities: \$3,858k in total

*Receipts - \$4,383k* – being net receipts from rights issue; gross receipts \$4,664k – costs associated with the rights issue totalled \$281k

*Payments - \$525k*

- \$218k - lease payments for mobile plant and equipment and a portion of Maddington lease rent recognised as financing cost as per AASB16
- \$77k - repayment of short-term loan
- \$203k – repayment of Remagen loan
- \$27k - repayment of mobile plant loan

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.

	Full Subscription (as per prospectus) \$ '000	Percentage of funds	Actual spent Quarter ended 30.09.2021 \$ '000	Actual spent since ASX listing (11.12.2019 to 30.09.2021 \$ '000
Repayment of principal amount borrowed from SBANG	4,400	22.6%		4,400
Payment of interest on loan from SBANG	1,223	6.3%		1,255
Development of the Gingin Facility	9,500	48.7%	2,154	10,157
Working Capital	2,526	13.0%	558	6,727
Expenses of Offers	1,851	9.5%		1,898
Other capex		0.0%		596
	<b>19,500</b>	<b>100.0%</b>	<b>2,712</b>	<b>25,033</b>

As at 30 September 2021, the Company has utilised all of the funds from the capital raising of \$19.5m. Any additional expenditure is now funded from the \$11m Remagen loan facility and the funds raised through the rights issue.

Material variances are explained as follows;

- Development of the Gingin facility – From the \$9.6m fixed price contract for the actual construction of the Gingin landfill facility, the Company has incurred costs of \$5.7m to date. The variances giving rise to the total cost incurred to date, represent the capitalised portion of interest for the loan facility utilised to complete the project(\$2.4m), as well as additional upgrade works and capitalisation of other associated costs(\$2.1m).

**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")**

30 September 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months 30.09.21) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,606	4,606
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(3,993)	(3,993)
(c) advertising and marketing	0	0
(d) leased assets	0	0
(e) staff costs	(622)	(622)
(f) administration and corporate costs	(411)	(411)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	14	14
1.5 Interest and other costs of finance paid	(152)	(152)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other (Advance to suppliers)	0	0
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(558)</b>	<b>(558)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	(2,215)	(2,215)
(d) capitalised interest expense	(555)	(555)
(e) investments	0	0

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months 30.09.21) \$A'000
(f) intellectual property	0	0
(g) other non-current assets (Bank guarantee)	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
(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
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(2,770)</b>	<b>(2,770)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	4,383	4,383
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	0	0
3.6 Repayment of borrowings	(525)	(525)
3.7 Transaction costs related to loans and borrowings	0	0
3.8 Dividends paid	0	0
3.9 Proceeds / (payments) from other loans	0	0
<b>3.10 Net cash from / (used in) financing activities</b>	<b>3,858</b>	<b>3,858</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months 30.09.21) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,815	1,815
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(558)	(558)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,770)	(2,770)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,858	3,858
4.5	Effect of movement in exchange rates on cash held	0	0
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,345</b>	<b>2,345</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	2,345	1,815
5.2 Call deposits	0	0
5.3 Bank overdrafts	0	0
5.4 Other (provide details)	0	0
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,345</b>	<b>1,815</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate number of payments to related parties and their associates included in item 1
- 6.2 Aggregate number of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

1,306

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

Item 6.2 represents payments to a related party, Sbang Australia Pty Ltd, a wholly owned subsidiary of M8 Holding Limited (M8H) (formerly named Sbang Sustainable Energies Ltd) associated with the construction of the Gingin landfill.

**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	15,000	11,000
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
<b>7.4 Total financing facilities</b>	<b>15,000</b>	<b>11,000</b>

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.

**Undrawn loan facility**  
M8S entered into a loan agreement with M8 Holding Ltd (formally known as 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 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.

**Remagen loan facility**  
On 11 February 2021, the Company entered into a \$11m loan facility with Remagen Capital Management Pty Ltd. The facility has been fully drawn down.

**Rights Issue**  
On 2 August 2021, the Company successfully completed a fully underwritten one-for-one renounceable rights issue to raise gross proceeds of \$4.66m (net proceeds totalled \$4.38m after allowing for costs associated with the issue).

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(558)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,345
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)	6,345
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>11</b>

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 October 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.