

ASX Announcement | 28 February 2022

## 2022 HALF YEAR RESULTS

### KEY POINTS

- 1H22 revenue of \$7,722,682, an increase of 276% from \$2,056,438 for the prior corresponding period (“pcp”)
- Improved loss position of (\$5,118,288) includes an impairment charge of \$2,512,780
- Strategic pivot to low-volume, high-margin waste and expansion of metals recycling at Maddington Waste Facility (Maddington), generates revenue of \$6,979,777 in 1H 22
- Solid progression of key construction activities at the Gingin Landfill Facility (Gingin), with operations set to commence in April 2022 (once approved by authorities)
- Access Waste, an industry first, cloud-based waste management and logistics platform launched in September
- Successful completion of pro-rata renounceable entitlement issue, with 233,229,835 shares issued raising \$4,664,596 at \$0.02 per share

M8 Sustainable Limited (ASX:M8S) (“**M8S**” or “**the Company**”) reports its financial and operational results for the half year ended 31 December 2021.

Commenting on the performance of M8 Sustainable in the first six months of the 2022 financial year, Managing Director Tom Rudas said, *“The results announced from our operations in the first six months, show that we are on track with our plans to develop an integrated business model to drive growth and deliver a sustained cash flow positive and profitable position.*

*“We have taken a measured approach to building our waste portfolio and have been nimble, moving in the right direction with market demand and requirements. This is highlighted by our move at Maddington to pivot and focus on low-volume, high-margin waste streams; providing a platform for expansion of metals recycling activities, which contributed to our improved revenue for the first six months.*

*“Other key highlights for the first half were the launch of our innovative logistics technology Access Waste, which is a key component of the Company’s waste strategy designed to generate waste for disposal at Gingin and support the daily operations at Maddington. Importantly, we also made strong progress in completing construction at Gingin and I am looking forward to opening the landfill facility by the end of April 2022.*

*“The next 12 months is shaping up to be an exciting and critical period and we look forward to establishing M8S as a tier-one, full service, Western Australian waste management operation”*

### **Financial Results**

For the half year ended 31 December 2021, the Company recorded revenue from contracts with customers of \$7,722,682, compared to \$2,056,438 for the prior corresponding period (“pcp”), a robust increase of 276%.

Whilst progressing the completion and licensing of Gingin, the Company had a focus on its revised strategy of metals recycling which generated \$6,979,777 in revenue for the six months ended 31 December 2021.

Total income was \$7,745,463 compared to \$2,451,247 for the pcp, an increase of 216%.

The Company recorded a loss after tax of \$5,118,288 for the reporting period compared to a loss after tax of \$9,264,771 for the pcp. Although M8S recorded a loss for the reporting period, with Gingin expected to come online by the end of April, the Company will be in a solid position to fully ramp-up its integrated portfolio, drive growth and deliver a sustained cash flow positive and profitable position.

### **Gingin Landfill Facility**

Construction of the fully-permitted landfill facility with a licensed capacity of 150,000 tpa, is nearing the final stages.

Gingin is approved for Class II putrescible waste, but its current Works Approval allows the Company to seek approval for a Class III License to allow certain hazardous waste. The facility will also generate biogas through the accelerated breakdown of organics in the bio-reactor cell which can be used to produce renewable energy.

Installation of liners for Cell 1 is 90% complete. However, the December holiday period along with the recent extreme weather conditions, resulted in the Company experiencing some minor delays in the anticipated construction timeline.

Whilst it was previously anticipated that Gingin would be operational in the first quarter of calendar year 2022, it is currently expected that operations will commence by the end of April 2022. This follows the final license application which is anticipated to be submitted to authorities in early March 2022.

Once in operation, the facility will receive waste from M8S customers as well as residual waste from Maddington and Access Waste.

### **Maddington Waste Facility**

M8S continued to focus on taking in high value, low volume waste streams and expanded its metals recycling activities, which has delivered a strong improvement in revenue for the reporting period.

Recycling activities associated with construction & demolition (C&D) and commercial & Industrial (C&I) waste continued to be subdued for the reporting period. Product sales were

also reduced due to the seasonally wet conditions, which in turn impacted the civil construction sector. However, with Gingin due to commence operations in April, M8S has begun to shift its focus on maximising waste volumes that will be sent to its Landfill Facility, which will be driven by waste collected through Access Waste and Maddington.

Importantly, there are encouraging signs within the C&D and C&I waste sectors with evidence that regulatory authorities are starting to focus more on preventing inappropriate waste dumping activities. A pleasing trend in both sectors is the increasing gate fees for waste as well as prices for by-products sold.

Since the end of the reporting period, the Company's focus has been on the completion of the Gingin landfill facility. With this being a priority funds have been directed to achieving this milestone with a consequent slow-down in steel activities.

### **Access Waste**

After more than eight years in development, Access Waste, the product of a 50-50 joint venture between M8S and iHUB Solutions Pty Ltd, named iHUB Technologies Pty Ltd, was launched in September 2021.

iHUB Technologies has developed three fully integrated cloud-based tools, which are designed to support waste generation for both Gingin and Maddington.

Focused on a broad customer base including residential and commercial waste generators, local, state and federal government agencies and members of the waste management industry, the Platform streamlines ordering, logistics and end-to-end supply chain process.

Primary objectives are to improve profitability and environmental outcomes for customers, leading to higher levels of recycling, improved compliance and more transparent, cost-effective waste management services.

Since launching, Access Waste has been very well received by Perth residents and businesses, surpassing the Company's expectations

M8S will invest \$351,000 over an 18-month period to acquire the intellectual property associated Access Waste. Additionally, the Company has invested in 63 skip bins and leased two trucks as required equipment for the new venture.

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 the daily operations at Maddington, whilst minimising the Company's investment in logistics infrastructure by utilising third party logistics providers to service the Company's customers.

The commercial roll-out of Access Waste will be completed in three stages (currently in stage one), with ramp-up of volume generation (phase two) planned to coincide with the anticipated opening date of Gingin.

### **Looking Ahead**

The Company's primary focus is on completing construction and commencing operations at Gingin by the end of April.

M8S will also focus on the continued ramp-up of Maddington across key waste streams and progressing Access Waste through its three-stage commercial roll-out.

This announcement is authorised for market release by the board of directors.

**ENDS-**

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