



31 January 2022

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 31.12.2021

In accordance with Listing Rule 4.7B, please find attached M8 Sustainable Limited's Activities and Appendix 4C cashflow reports for the quarter ended 31.12.2021.

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 | 31 January 2022

QUARTERLY ACTIVITIES REPORT **FOR THE PERIOD ENDED 31 DECEMBER 2021**

KEY POINTS

- Construction activities at Gingin Landfill Facility (Gingin) nearing completion, with liner installation progressing well
- Commencement of operations at Gingin expected by the end of April 2022
- Maddington being prepared for increased Construction & Demolition (C&D) and Commercial and Industrial (C&I) activity once Gingin commences operations
- Access Waste initiative shows promising early activity levels, with daily orders and volumes growing
- Seasonal decrease in volumes of waste and civil product sales at Maddington with a traditionally quiet Christmas/New Year period

M8 Sustainable Limited (“**M8S**” or “**the Company**”) is pleased to provide the following update on its activities for the quarter ended 31 December 2021.

MADDINGTON WASTE FACILITY

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

Over the past 12 months the Company reduced its C&D and C&I recycling activities pending the opening of Gingin and increased the focus on development of the exciting Access Waste skip bin business.

However, given the imminent opening of Gingin by the end of April 2022, M8S has begun to shift its focus on maximising waste volumes that will be sent to Gingin. This will be driven by two key business segments, with initial volumes delivered through Access Waste collections, which increased significantly from the September quarter as the reporting period representing the first full quarter of operations and further waste volumes being delivered through the opening of Maddington to third party C&I and contaminated-C&D waste providers by the end of Q1 22.

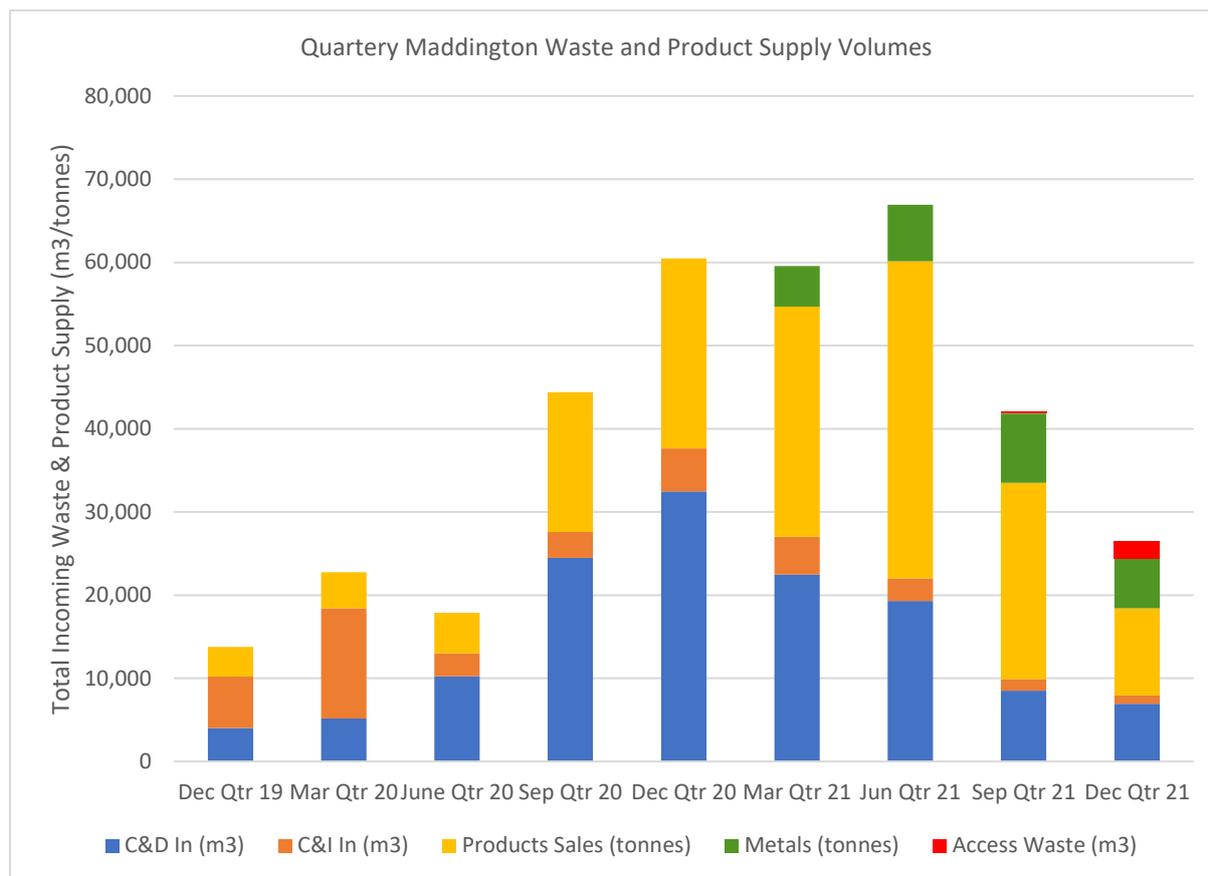


Figure 1: Maddington Waste and Product Supply Volumes (Quarterly Basis)

ACCESS WASTE

Access Waste is an industry leading, cloud-based waste management and logistics platform, designed to streamline the ordering, logistics and end-to-end supply chain process, for waste management and transport related activities and stakeholders.

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 Maddington, whilst minimising the Company’s investment in logistics infrastructure by utilising third party logistics providers to service M8S customers.

Access Waste was officially launched in mid-September 2021 and since the launch, has been well received by Perth residents and businesses, surpassing the Company’s expectations.

Importantly, both customer feedback and reaction to the platform’s automated booking system and general service levels have been very encouraging, with strong initial growth in sales of skip bin services and waste volumes. For the December quarter waste volumes totalled 2,075m3 generating revenue of \$130.7k.

M8S purchased a second collection vehicle due to increasing demand in the market for Access Waste services. In addition to its own fleet, Access Waste is actively seeking skip bin vendors to roll-out its “sharing-economy” skip bin collection system for the Perth metropolitan area.

To date, M8S has recruited one vendor, with numerous discussions advancing with targeted vendors, with the primary objective of providing coverage across the entire metropolitan area.

Commercial roll-out 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 Gingin, which is expected by the end of April 2022.

GINGIN LANDFILL PROJECT

Construction at the Company's fully-permitted, Gingin Landfill Facility with a licensed capacity of 150,000tpa is nearing the final stages.

Installation of liners for Cell 1 is now 90% complete. However, due to the December holiday period along with the recent extreme weather conditions, the Company has experienced 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 anticipated that the activities will commence at Gingin by the end of April 2022. This follows the final licence application which is anticipated to be submitted to authorities by the end of February 2022.

In anticipation of Gingin opening, M8S is in discussions with various parties to secure waste volume commitments and is confident that together with the ramp-up of recycling operations at Maddington as well as the continued growth in the Access Waste business, sufficient volumes will be available for Gingin.



Figure 2: Gingin Landfill development



Figure 3: Cell 1 liner installation nearing completion

CORPORATE

A key focus of M8S is capital management with the Board regularly monitoring and reviewing the capital and funding requirements of the Company.

Cost reduction and cash conservation initiatives were determined and commenced implementation in December 2021.

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

Operating Activities: \$584k in total

Receipts - \$3,305k

- \$3,295k - receipts from customers
- \$10k - interest received

Payments - \$3,889k

- \$2,686k - manufacturing and operating costs
- \$714k - employment costs including all on-costs
- \$474k - insurance, legal, IT, professional, variable outgoings on leased property and audit fees
- \$15k - interest and other finance costs

Investing Activities: \$1,505k in total

Receipts - \$311k

- \$311k - proceeds from disposal of plant and equipment

Payments - \$1,816k

- \$866k - purchase of plant and equipment including Gingin landfill capital work in progress

- \$891k - capitalised interest expenses for Gingin landfill activities
- \$59k - investments in joint venture

Financing Activities: \$230k in total

Receipts - \$707k

- \$449k - proceeds from M8 Holding borrowings
- \$258k - proceeds from insurance premium funding

Payments - \$477k

- \$3k - capital raising cost for the rights issue
- \$246k - lease payments for mobile plant and equipment and a portion of Maddington lease rent recognised as financing cost as per AASB16
- \$18k - repayment of short-term loan
- \$210k - repayment of Remagen 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 31.12.2021 \$ '000	Actual spent since ASX listing (11.12.2019 to 31.12.2021 \$ '000
Repayment of principal amount borrowed from SBANG	4400	22.5%		4400
Payment of interest on loan from SBANG	1223	6.3%		1255
Development of the Gingin Facility	9500	48.7%	1660	11817
Working Capital	2526	13.0%	584	7312
Expenses of Offers	1851	9.5%		1898
Other capex		0.0%		596
	19500	100.0%	2244	27278

As at 31 March 2021, the Company has utilised all of the funds from the capital raising of \$19.5m. Any additional expenditure is now funded from the \$11.0m Remagen loan facility and the funds raised through the rights issue.

Material variances above 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 \$6.2m 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

(\$3.1m), as well as additional upgrade works and capitalisation of other associated costs (\$2.5m).

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 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months 31.12.21) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,295	7,901
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(2,686)	(6,710)
(c) advertising and marketing	0	0
(d) leased assets	0	0
(e) staff costs	(714)	(1,336)
(f) administration and corporate costs	(474)	(878)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	10	23
1.5 Interest and other costs of finance paid	(15)	(140)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other (Advance to suppliers)	0	0
1.9 Net cash from / (used in) operating activities	(584)	(1,140)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	(866)	(3,080)
(d) capitalised interest expense	(891)	(1,451)
(e) investments	(59)	(59)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months 31.12.21) \$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	311	311
(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
2.6 Net cash from / (used in) investing activities	(1,505)	(4,279)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	(3)	4,380
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	675	675
3.6 Repayment of borrowings	(442)	(965)
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
3.10 Net cash from / (used in) financing activities	230	4,090

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months 31.12.21) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,345	1,815
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(584)	(1,140)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,505)	(4,279)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	230	4,090
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	486	486

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	486	2,345
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)	486	2,345

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

- 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

**Current quarter
\$A'000**

449

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	11,449
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	15,000	11,449

7.5 **Unused financing facilities available at quarter end** 3,551

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 an amount of AUD 4,000,000 at an interest rate of 10% per annum. The expiry date of the loan facility is 24 months after the first advance is made or such other date as agreed in writing by both parties.

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).

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(584)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	486
8.3 Unused finance facilities available at quarter end (Item 7.5)	3,551
8.4 Total available funding (Item 8.2 + Item 8.3)	4,037
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	7

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

- 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

- 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: 31 January 2022

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.