



29 April 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 31.03.2022

In accordance with Listing Rule 4.7B, please find attached M8 Sustainable Limited's Activities and Appendix 4C cashflow reports for the quarter ended 31.03.2022.

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

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QUARTERLY ACTIVITIES REPORT **FOR THE PERIOD ENDED 31 MARCH 2022**

KEY POINTS

- Major milestone completed at flagship Gingin Landfill Facility (Gingin) with the lodgement of operating license application with DWER
- Application is being reviewed, with a license to be issued following completion of construction (expected in May) and on agreement of any operational conditions set by DWER
- Post quarter, M8S secured maiden waste disposal agreement for Gingin for at least 40,000 tonnes pa
- Commencement of operations at Gingin expected during Q1 of FY23
- Innovative Access Waste division continues to grow, with volumes collected in last three months increasing by 25%; from 2000m³ for the prior quarter to 2500m³ for this quarter
- Activities at Maddington Waste Facility continue at a reduced level (pending commencement of Gingin operations)
- Net cash used in operating activities is \$0.07m for the quarter, which is less than 15% of that used per month for the prior two quarters

M8 Sustainable Limited (“**M8S**” or “**the Company**”) is pleased to provide the following update on its activities for the quarter ended 31 March 2022.

GINGIN LANDFILL FACILITY

M8S completed a major milestone at Gingin through the lodgement of its license application (in late March 2022) to operate Gingin with the West Australian Department of Water and Environmental Regulation (DWER).

The license application coincides with steps to complete key construction activities including lining of the leachate collection pond, final drainage aggregate layer and associated pipework being placed in Bioreactor Cell 1. The Company anticipates that major works at the site will conclude in May, subject to sufficient quantities of drainage aggregate material being delivered to site.

The license application is being reviewed by DWER with an operating license to be issued following completion of construction works and on agreement of any operational conditions that may be set by DWER.

Discussions with various parties to secure waste volume commitments for Gingin are continuing. Post the reporting period, the Company announced that it had entered into 5-year waste disposal agreement with Brajkovich Demolition & Salvage (WA) Pty Ltd (BDS) pursuant to which BDS has undertaken to supply to Gingin a minimum of 40,000 tonnes and up to 60,000 tonnes of waste per calendar year.

BDS is one of WA's largest demolition and salvage businesses and has been providing demolition services for more than 40 years.

Commencement of operations at Gingin is expected during Q1 of FY23.



Image 1: Aggregate placement Cell 1



Image 2: Leachate pumping station concrete pad

MADDINGTON WASTE FACILITY

With construction entering an intensive phase ahead of completion at Gingin, M8S reduced volumes from C&D, C&I and metals recycling activities, to direct further capital towards Gingin to ensure the its opening is completed in the September quarter.

An increased focus was placed on development of the Access Waste skip bin business, which will drive increased volumes to Gingin.

Ramp-up of Maddington Waste Facility (Maddington) for skip bin and C&D waste will coincide with the opening of Gingin to take advantage of disposal synergies between both facilities.

Once Gingin is live, M8S will focus on re-establishing Maddington as the premier recycling facility in Perth's South Eastern corridor, by expanding the facility's offering to process and recycle a wide variety of C&D and C&I waste streams, including restarting the waste sorting and recycling facility, one of only two in Perth with significant processing capacity.

The Company's presence in C&D and C&I waste markets and volumes taken in at Maddington are planned to be increased rapidly, with a primary focus on mixed building and skip bin waste, to increase throughput and deliver ongoing residual waste to Gingin.

Once Gingin is in operation, M8S will be in a strong position to grow its integrated business model and deliver a sustained and profitable cash flow position.

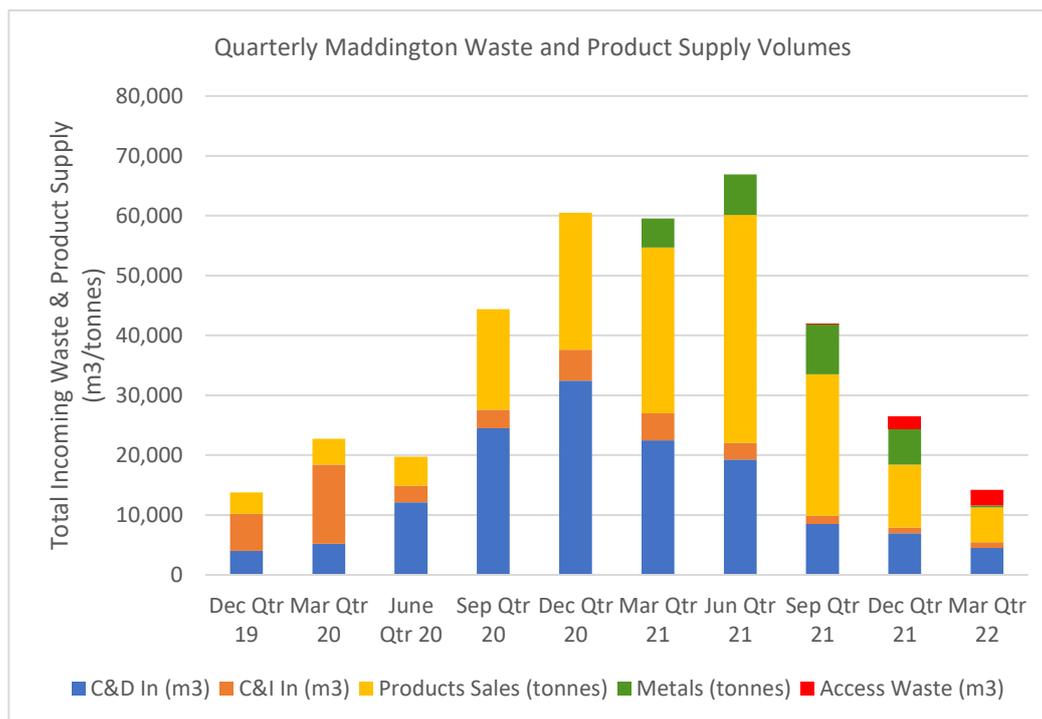


Figure 1: Maddington Waste and Product Supply Volumes (Quarterly Basis)

Whilst volumes have decreased, the Company's net cash used in operating activities has decreased to \$69,000 this quarter, from \$0.56m in the December 2021 quarter, and \$0.54m in the September 2021 quarter. Net cash used in operating activities this current quarter is less than 15% of that used per month for the six months ending 31 December 2021.

Metals recycling activities have been curtailed to preserve working capital during intensive phase of construction at Gingin

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.

Following successful completion of initial development and beta testing, the platform developed into an extensive and unique service offering and was expanded to offer the services as listed below:

- dedicated website built for client with integrated online booking system
- generating additional online bookings through Access Waste
- order/booking management
- live GPS tracking of job status and driver route
- inventory management
- report generation of marketing, sales, deliveries, pickups, and purchase orders

To mark the commencement of commercialisation, the platform will be marketed through Access Waste in Western Australia as “WasteVantage”.

Importantly, since the platform was rolled-out in September 2021, volumes and interest have grown, with waste volumes increasing 25% over the last three months from 2000m³ for the prior quarter to 2500m³ for this quarter.

A third-party vendor was added to the platform offering during the quarter, which contributed positively to increasing volumes.

CORPORATE

During the reporting period M8S released its half yearly financial results.

Capital management remains a key focus area for the Company, with the Board regularly monitoring and reviewing its capital and funding requirements.

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

Operating Activities: \$69k used in total

Receipts - \$981k

- \$967k - receipts from customers
- \$14k - interest received

Payments - \$1,050k

- \$198k - manufacturing and operating costs
- \$518k - employment costs including all on-costs
- \$234k - insurance, legal, IT, professional, variable outgoings on leased property and audit fees
- \$100k - interest and other finance costs

Investing Activities: \$292k used in total

Payments - \$292k

- \$233k - purchase of plant and equipment including Gingin landfill capital work in progress and capitalised interest.
- \$59k - investments in joint venture

Financing Activities: \$39k used in total

Receipts - \$1,050k

- \$1,050k - proceeds from M8 Holding borrowings

Payments - \$1,089k

- \$45k - capital raising cost for the rights issue
- \$288k - lease payments for mobile plant and equipment and a portion of Maddington lease rent recognised as financing cost as per AASB16
- \$157k - repayment of short-term loan
- \$148k - repayment of Remagen loan
- \$451k - repayment of M8 Holding loan

Pursuant to ASX Listing Rule 4.7C.2, the table below 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)	Percentage of funds	Actual spent Quarter ended 31.03.2022	Actual spent since ASX listing (11.12.2019 to 31.03.2022)
	\$ '000		\$ '000	\$ '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%	292	12109
Working Capital	2526	13.0%	68	7380
Expenses of Offers	1851	9.5%		1898
Other capex		0.0%		596
	19500	100.0%	360	27638

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, the funds raised through the June 2021 rights issue and the M8 Holding loan facility.

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 (\$3.4m), as well as additional upgrade works and capitalisation of other associated costs (\$2.5m).

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

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 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months 31.03.22) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	967	8,869
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(198)	(6,907)
(c) advertising and marketing	0	0
(d) leased assets	0	0
(e) staff costs	(518)	(1,876)
(f) administration and corporate costs	(234)	(1,067)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	14	36
1.5 Interest and other costs of finance paid	(100)	(216)
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	(69)	(1,161)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	(233)	(4,761)
(d) investments	(59)	(117)
(e) intellectual property	0	0

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months 31.03.22) \$A'000
(f) 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	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	(292)	(4,567)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	(45)	4,335
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	1,050	1,278
3.6 Repayment of borrowings	(1,044)	(1,614)
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	(39)	3,999

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	486	1,815
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(69)	(1,161)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months 31.03.22) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(292)	(4,567)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(39)	3,999
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	86	86

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	86	486
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)	86	486

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
451

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

For the quarter ended 31 March 2022, the Company has repaid an amount of \$451k to M8 Holding Ltd.

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	12,050
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	15,000	12,050

7.5 **Unused financing facilities available at quarter end** 2,950

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 (M8H) (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 (Loan Facility). 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.

On 29 October 2021, the Company issued a letter to M8H seeking to draw down on the Loan Facility. As at the end of the quarter, an amount of \$1,050,000 had been drawn down.

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

Gingin construction loan facility

In March 2020, the Company's wholly owned subsidiary, Fernview Environmental Pty Ltd (FVE), executed a contract with Sbang Corporation Ltd for the construction of the Gingin landfill facility. A term of the contract provided for the discretion for the final payment of the construction to be converted to a 6-month loan facility with an interest rate of 10%pa.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(69)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	86
8.3 Unused finance facilities available at quarter end (Item 7.5)	2,950
8.4 Total available funding (Item 8.2 + Item 8.3)	3,036
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	44

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

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 April 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.