

29 July 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 30.06.2022

In accordance with Listing Rule 4.7B, please find attached M8 Sustainable Limited's Activities and Appendix 4C cashflow reports for the quarter ended 30.06.2022.

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

Yours sincerely



John Colli
Company Secretary



ASX Announcement | 29 July 2022

QUARTERLY ACTIVITIES REPORT **FOR THE PERIOD ENDED 30 JUNE 2022**

KEY POINTS

- key works at the Gingin Landfill Facility (Gingin) nearing completion
- commencement of operations at Gingin have been delayed and are now anticipated to be in the last quarter of calendar 2022
- first major waste disposal agreement secured for Gingin through a five-year agreement with Brajkovich Demolition & Salvage (WA) Pty Ltd (BDS)
- Access Waste (trading division of M8S) progressed its software platform WasteVantage into commercialisation
- announcement of a 21 for 10 renounceable rights issue to raise approx. \$10m with a minimum subscription of \$8m
- net cash used in operating activities of \$0.06m for the quarter

M8 Sustainable Limited (“**M8S**” or “**the Company**”) provides the following update on its activities for the quarter ended 30 June 2022.

GINGIN LANDFILL FACILITY

Construction of Gingin, the Company’s fully permitted landfill facility with an approved capacity of 150,000 tonnes per annum, is almost complete.

Major works associated with leachate ponds have been completed. Works involving Cell 1, fencing and weighbridge are in the process of being completed.

In March 2022, the Company lodged a license application for Gingin with the Department of Water and Environmental Regulation (DWER). Final documentation from consultants to the project will be lodged with DWER upon completion of the required works, which will enable DWER to issue a license to commence operations.

Delays in accessing rock aggregate used to line Cell 1 caused a slight delay to the commencement of operations at Gingin. Due to this delay, the Company expects operations to commence in the last quarter of calendar 2022.

During the reporting period, the Company executed its first major waste agreement for Gingin agreeing to a 5-year waste disposal contract with BDS, one of WA’s largest demolition and salvage businesses.

The agreement will see BDS supply a minimum of 40,000 tonnes and up to 60,000 tonnes of waste per calendar year to Gingin.



Image 1: Airwell leachate pumping system



Image 2: Cell 1 - Final layer installation

MADDINGTON WASTE FACILITY

Construction & Demolition (C&D) and Commercial & Industrial (C&I) waste recycling activities continued to be subdued for the June quarter with the Company prioritising its focus on completing construction activities at Gingin and progressing the Access Waste business. Market conditions continued to provide challenges within the sector.

Activities at Maddington have been restricted over the past few months with the Company preparing the site for the anticipated significant inflows of waste timed for when Gingin commences operations as well as the ramp-up of C&D and C&I waste recycling/ sorting scheduled to start in August 2022.

Metals recycling activities were also kept on hold during the quarter.

Considering the reduced level of operations at Maddington, the Company took the opportunity to hire out under-utilised mobile equipment which generated revenue of \$420k for the reporting period.

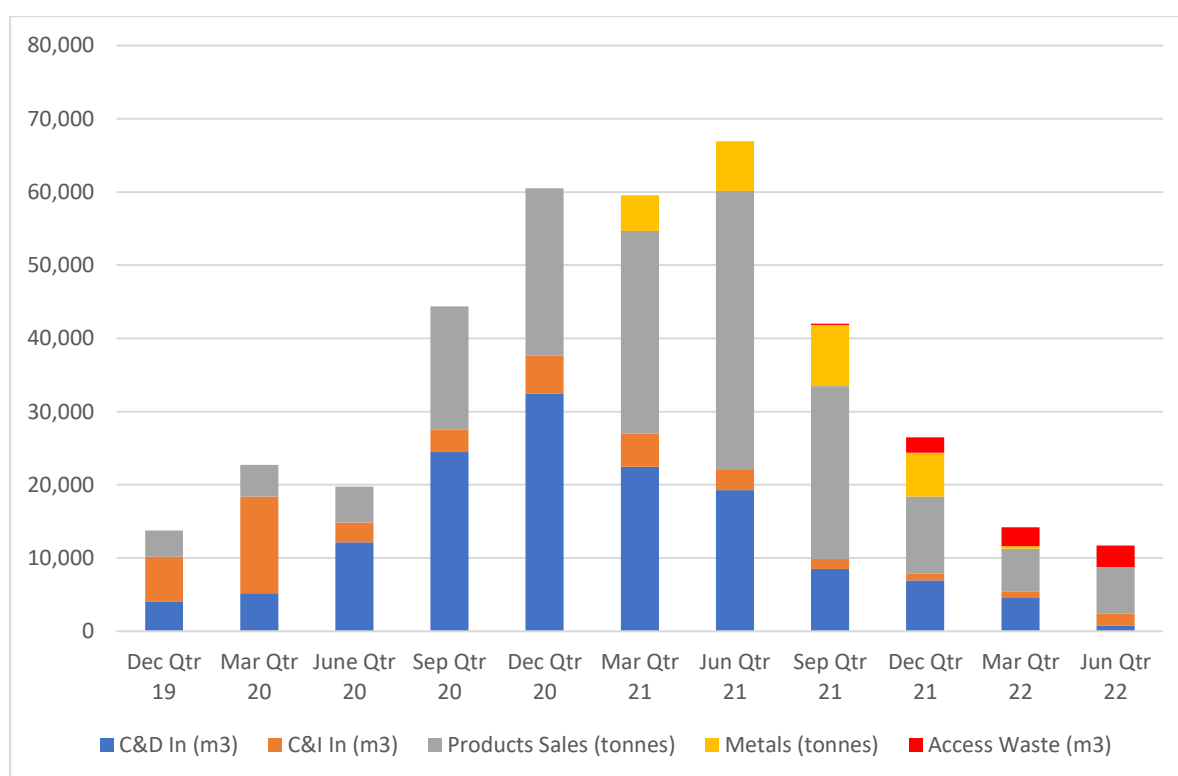


Figure 1: Maddington Waste and Product Supply Volumes (Quarterly Basis)

ACCESS WASTE

Access Waste, the Company’s skip bin business, continued to be well accepted by customers in both the private and commercial sectors.

The business utilises an industry leading, cloud-based waste management and logistics platform, designed to streamline the ordering, logistics and end-to-end supply chain process.

In April 2022, the initial development and testing of the software platform was completed. This enabled the software to commence being commercialised as a tool for use in streamlining orders, logistics and end-to-end supply chain processes in waste management and transport related activities. In Western Australia the platform is marketed through Access Waste as WasteVantage.

For the reporting period, Access Waste generated waste volumes totalling 2,986 m³ and revenue of \$161k.

CORPORATE

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

As Gingin nears completion and the Company works towards the next major phase of operational growth, the Company requires additional funds to complete construction and commence operations at Gingin.

M8S announced a 21 for 10 renounceable rights issue to raise approx. \$10m with a minimum subscription of \$8m.

The Company's largest shareholder, M8 Holding Limited (formerly SBANG Sustainable Energies Limited) (M8H) confirmed its intention to take up its full entitlement under the rights issue which equates to \$3.5m. M8H has also agreed to provide a \$2m standby facility, if required, from September 2022.

The equity raising will enable the completion of Gingin construction and strengthen the balance sheet through repayment of debt and provide additional working capital.

The offer period for the rights issue will close on 12 August 2022.

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

Operating Activities: \$63k used in total

Receipts - \$990k

- \$954k - receipts from customers
- \$13k - interest received
- \$23k - government grants and tax incentives

Payments - \$1,053k

- \$207k - manufacturing and operating costs
- \$582k - employment costs including all on-costs
- \$253k - insurance, legal, IT, professional, variable outgoings on leased property and audit fees

- \$11k - interest and other finance costs

Investing Activities: \$652k used in total

Payments - \$652k

- \$593k - purchase of plant and equipment including Gingin landfill capital work in progress and capitalised interest (also refer to the material variances note following the table below)
- \$59k - investments in joint venture

Financing Activities: \$641k in total

Receipts - \$1,300k

- \$1,300k - proceeds from M8 Holding borrowings

Payments - \$659k

- \$283k - lease payments for mobile plant and equipment and a portion of Maddington lease rent recognised as financing cost as per AASB16
- \$147k - repayment of short-term loan
- \$229k - repayment of Remagen 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 30.06.2022	Actual spent since ASX listing (11.12.2019 to 30.06.2022)
	\$ '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%	593	12702
Working Capital	2526	13.0%	63	7443
Expenses of Offers	1851	9.5%		1898
Other capex		0.0%		596
	19500	100.0%	656	28294

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. The Company is seeking to raise additional funds via a rights issue announced on 23 May 2022 for an amount of \$10m (approx) with a minimum subscription of \$8m.

Material variances above are explained as follows:

Development of the Gingin facility – the initial \$9.6m fixed price contract for the construction of the Gingin landfill facility, has changed to \$10.8m due to contract variations and time delays. 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, as well as additional upgrade works and capitalisation of other associated costs.

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")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months 30.06.22) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	954	9,822
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(207)	(7,085)
(c) advertising and marketing	0	0
(d) leased assets	0	0
(e) staff costs	(582)	(2,436)
(f) administration and corporate costs	(253)	(1,421)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	13	51
1.5 Interest and other costs of finance paid	(11)	(258)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	23	23
1.8 Other (reclassification of interest)	0	0
1.9 Net cash from / (used in) operating activities	(63)	(1,304)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	(593)	(5,244)
(d) investments	(59)	(176)
(e) intellectual property	0	0

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months 30.06.22) \$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	(652)	(5,109)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	0	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*	1,300	2,667
3.6 Repayment of borrowings*	(659)	(2,437)
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	641	4,610

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	86	1,815
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(63)	(1,304)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months 30.06.22) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(652)	(5,109)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	641	4,610
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	12	12

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	12	86
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)	12	86

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
157

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 30 June 2022, the Company paid an amount of \$157k to SBANG Australia Pty Ltd., a wholly owned subsidiary of Sbang Corporation Limited. Sbang Corporation Limited is a wholly owned subsidiary of Clover Power Public Company Limited, a company listed on the Thailand stock exchange. Mr Saksitthisereekul, who is a director of the Company, is also a director of Clover Power Public Company Limited.

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	13,350
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	15,000	13,350

7.5 **Unused financing facilities available at quarter end** 1,650

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.

M8H 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 \$2,350,000 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), entered into 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 at 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)	(63)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	12
8.3 Unused finance facilities available at quarter end (Item 7.5)	1,650
8.4 Total available funding (Item 8.2 + Item 8.3)	1,662
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	26

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: 29 July 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.