



31 January 2023

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 31.12.2022

In accordance with Listing Rule 4.7B, please find attached M8 Sustainable Limited's Activities and Appendix 4C cashflow reports for the quarter ended 31.12.2022.

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 DECEMBER 2022

KEY POINTS

- Construction work nearing completion at Gingin Landfill Facility (**'Gingin'**)
- Application for an operating license at Gingin anticipated to be lodged with DWER in early February 2023
- Commercial operations at Gingin expected to commence by end of Q1 2023
- Secured a \$4 million Convertible Note facility with Reforme Special Situation Pty Ltd (Reforme)
- Variation made to \$10 million Convertible Note facility with M8 Holding Limited (**'M8H'**), the Company's largest shareholder, by reducing the amount to \$5.5 million to take into account the \$0.5 million share placement and Convertible Note facility with Reforme
- M8S executed an additional \$2.5 million Convertible Note loan facility with M8H in December 2022
- Appointment of Mr Saithsiri Saksitthisereekul as Chairman, Mr Rodney Illingworth as Non-Executive Director and Mr Damien Flugge as Executive Director to the Board

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

GINGIN LANDFILL FACILITY

Construction work at the Gingin Landfill Facility, which has an approved capacity of 150,000 tonnes per annum, is nearing completion.

All major works associated with Cell 1, the leachate pond and recirculation system are now complete. Minor works in relation to fencing, weighbridge installation and logistics matters are in the final stages of completion.

Gingin will provide a critical and much-needed landfill service to Perth's Northern Metropolitan Corridor, which is currently seeing waste being diverted to remote landfills. Importantly, once Gingin is in operation it will allow the Company to grow its integrated business model and deliver sustainable and profitable cash flow.

The Company anticipates that an application for commencement of operations will be lodged with the Department of Water and Environmental Regulation (**'DWER'**) in early February 2023. With DWER sign-off expected to take up to 60 days, M8S expects that operational activities will commence by the end of Q1 2023.



Figure 1: Cell 1 completion imminent



Figure 2: Cell 1 and associated infrastructure

MADDINGTON WASTE FACILITY

The primary focus of work at Maddington continued to be the clearing and preparation of the site in anticipation of a substantial increase in the receipt of waste levels once commercial activities commence at Gingin.

As a consequence, Construction & Demolition ('C&D') and Commercial & Industrial ('C&I') waste recycling activities continued at subdued levels in the December quarter and generated revenue of \$162,000.

Metals recycling activities continued to be kept on hold during the reporting period.

However, with commencement of commercial operations at Gingin expected to occur in Q1 2023, M8S will quickly turn its attention at Maddington to re-establishing the waste management facility as the premier recycling facility in Perth's South Eastern corridor, by expanding 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.

ACCESS WASTE

In light of reduced C&D and C&I activities at Maddington, Access Waste, the Company's skip bin operations which provides services to both the private and commercial sectors, also experienced reduced activity levels and generated \$128,000 of revenue for the reporting period.

CORPORATE

Balance Sheet and Capital Preservation

The Company's capital and funding requirements remains a key focus for the Board.

During the reporting period the following capital management initiatives occurred:

- Executed a \$4 million Convertible Note loan facility with Reforme Special Situation Pty Ltd (Reforme) to provide additional funds for working capital.
- Adjusted \$10 million Convertible Note loan facility with M8H, by reducing the loan amount to \$5.5 million to reflect the \$0.5 million share placement and \$4 million Convertible Note loan facility with Reforme mentioned above.
- Executed an additional \$2.5 million Convertible Note loan facility with M8H.

Board

The Company appointed Mr Saithsiri Saksitthisereekul as Chairman, Mr Rodney Illingworth as a Non-Executive Director and Mr Damien Flugge as an Executive Director to the Board. Mr Mark Puzey resigned as a director (and Chairman) of the Company.

AGM

The Company held its AGM on 30 November 2022 and the following resolutions were carried on a poll:

- Resolution 1: Re-election of Saithsiri Saksitthisereekul as a director
- Resolution 2: Election of Rodney Illingworth as a director
- Resolution 3: Adoption of Remuneration Report (non-binding)
- Resolution 4: Amendment to Constitution -by the requisite 75% majority
- Resolution 5: Ratification of Prior Issue of Shares – Listing Rule 7.1

Notice - Section 249D of the Corporations Act

On 22 December 2022, M8S received notice from M8H under section 249D of *Corporations Act 2001*(Cth) (the Act) from M8H, requesting the Company convene a general meeting of shareholders for the purpose of considering a resolution to remove Mr Rodney Illingworth as a director of the Company.

On 23 December 2022, the Company received notice from Adroit Capital Group ESG Pty Ltd (Adroit), the Company's second largest shareholder, under section 249D of the Act requesting the Company to convene a general meeting of shareholders for the purpose of considering resolutions relating to:

- (a) The appointment of Mr Malcolm Raymond Scott James and Mr Anthony Nelson Short as directors of the Company
- (b) Conditional on the appointment of Messrs James and Short as directors, the removal of Mr Tomasz Jacek Rudas, Mr Saithsiri Saksitthisereekul and Mr Damien Flugge as directors of the Company
- (c) Conditional on the appointment of Messrs James and Short as directors, the removal of any directors appointed by the Company on or after 22 December 2022 except for Messrs James and Short.

Post the reporting period, the Company has issued notice convening a general meeting of shareholders for 16 February 2023 to consider the matters requested by M8H and Adroit.

Cash Flow

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

Operating Activities: \$1,236k used in total

Receipts - \$469k

- \$469k - receipts from customers

Payments - \$1,705k

- \$708k - manufacturing and operating costs
- \$443k - employment costs including all on-costs
- \$518k - insurance, legal, IT, professional, variable outgoings on leased property and audit fees etc.(net)
- \$36k - interest and other finance costs

Investing Activities: \$1,248k used in total

Payments - \$1,248k

- \$1,180k - 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)
- \$68k - investments in joint venture

Financing Activities: \$2,456k in total

Receipts - \$4,006k

- \$3,742k - proceeds from issue of convertible notes
- \$264k - proceeds from short-term borrowings

Payments - \$1,550k

- \$1,018k - repayment of Remagen loan
- \$209k - lease payments for mobile plant and equipment and a portion of Maddington lease rent recognised as financing cost as per AASB16
- \$323k - repayment of short-term loans

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) \$ '000	Percentage of funds	Actual spent Quarter ended 31.12.2022 \$ '000	Actual spent since ASX listing (11.12.2019 to 31.12.2022 \$ '000
Repayment of principal amount borrowed from SBANG	4400	22.6%		4400
Payment of interest on loan from SBANG	1223	6.3%		1255
Development of the Gingin Facility	9500	48.7%	1180	14776
Working Capital	2526	13.0%	1236	9049
Expenses of Offers	1851	9.4%		1898
Other capex		0.0%		596
	19500	100.0%	2416	31974

As at 31 March 2021, the Company has utilised all of the funds from the capital raising of \$19.5m. Any additional expenditure to the end of the reporting period has been funded from the \$11.0m Remagen loan facility, the funds raised through the June 2021 rights issue (\$4.66m), the \$5.5m and \$2.5m M8H convertible note facilities, the Adroit placement (\$0.5m) and the Reforme \$4m convertible note facility.

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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months 31.12.22) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	469	1,075
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(708)	(898)
(c) advertising and marketing	0	0
(d) leased assets	0	0
(e) staff costs	(443)	(890)
(f) administration and corporate costs	(518)	(930)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	0	7
1.5 Interest and other costs of finance paid	(36)	(106)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other (reclassification of interest)	0	0
1.9 Net cash from / (used in) operating activities	(1,236)	(1,742)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	(1,180)	(1,938)
(d) investments	(68)	(127)
(e) intellectual property	0	0

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months 31.12.22) \$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	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
2.6 Net cash from / (used in) investing activities	(1,248)	(2,065)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	0	500
3.2 Proceeds from issue of convertible debt securities	3,742	5,925
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*	264	381
3.6 Repayment of borrowings*	(1,550)	(2,897)
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	2,456	3,909

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	142	12
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,236)	(1,742)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months 31.12.22) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,248)	(2,065)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,456	3,909
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	114	114

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	114	142
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)	114	142

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
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	501

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 December 2022, the Company paid an amount of \$501k to project contractors on behalf of 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	23,000	19,440
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	23,000	19,440

7.5 **Unused financing facilities available at quarter end** **3,560**

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 \$ 4 million 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.

M8H convertible note facilities

On 19 August 2022 the Company entered into a \$10 million convertible note facility with M8H. The facility has an interest rate of 10% per annum. This convertible note facility replaced the loan facility outlined above. This \$10 million convertible note facility was with M8H, was subsequently adjusted by reducing the loan amount to \$5.5 million to reflect the \$0.5 million share placement and the \$4 million convertible note facility with Reforme as outlined below.

On 21 December 2022 the Company entered into an additional \$2.5 million convertible note facility with M8H. The facility has an interest rate of 4.5% per annum.

Reforme Special Situation Pty Ltd convertible note facility

On 6 October 2022 the Company entered into a \$4 million convertible note facility with Reforme. The facility has an interest rate of 5% per annum.

Share placement

On 30 September 2022, the Company executed a share subscription agreement with Adroit Capital Group ESG Pty Ltd for a placement of shares to raise \$0.5 million.

Remagen loan facility

On 11 February 2021, the Company entered into a \$11 million loan facility with Remagen Capital Management Pty Ltd. The facility has an interest rate of 14% per annum and 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 contract 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)	(1,236)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	114
8.3 Unused finance facilities available at quarter end (Item 7.5)	3,560
8.4 Total available funding (Item 8.2 + Item 8.3)	3,674
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3

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

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023

Authorised by: the board of directors
(Name of body or officer authorising release – see note 4)

Notes

- 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.
- 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.
- 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.
- 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.