



# INVESTOR PRESENTATION

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June 2021

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# Setting the Scene

- M8 Sustainable Limited (M8S or the Company) listed on the ASX in December 2019 seeking to establish a tier-one, full-service, Western Australian waste management operation
- M8S sourced debt financing to enable the completion of its Gingin Landfill project (Gingin) currently scheduled for December 2021
- The ramp up of its Maddington Waste Processing Facility (Maddington) has been challenging within the current regulatory environment, however is showing signs of improvement with Management's conscious decision to focus on higher margin C&D waste streams, reducing operating costs, limiting the volumes of waste sent to landfill and new waste streams.

Quarterly Operational Performance (Maddington)	Q1FY'21	Q2FY'21	Q3FY'21
Revenue (\$'000)	978	1,473	2,564
EBITDA (before corporate cost allocations; \$'000)	(199)	(141)	208

- M8S has continued to experience improvements at Maddington this quarter (Q4'21)
- At the end of Q3'21 M8S had \$5.1m cash at bank plus \$1.8m of receivables (including R&D claim of \$0.53m) with financial debt of \$11.5m (14% interest rate) - Gingin is included as security
- An independent expert valuer, commissioned by Remagen (the Lender) and Fernview Environmental Pty Ltd (the Company's wholly owned subsidiary), has ascribed a value of \$56m to the Gingin landfill upon its completion on a going concern "as if complete" basis. The valuation was completed for first mortgage security purposes only
- M8S proposes to raise c\$4.7m of new equity by way of a Renounceable Rights Issue to all shareholders, to be used for progressive ramp up of steel activities at Maddington, complete construction of Gingin and supplement working capital. M8 Holding Limited (formerly SBANG Sustainable Energies Limited) has committed to subscribe for its full-entitlement (\$1.7m) under the Renounceable Rights Issue
- M8S has c700 shareholders and is mindful that they are afforded the equitable opportunity to support their investment
- The Company's focus is on the completion of Gingin, continued implementation of strategies aimed at diversifying revenue streams and margin improvement at Maddington, strengthening the balance sheet and delivering sustainable positive cash flows

# Corporate Summary

## Corporate Structure

Shares on Issue <sup>1</sup>	233,229,835
Share Price (last price 15 June 2021)	\$0.029
12 Month Liquidity	\$3.1m
Market Capitalisation (last sale 15 June 2021)	\$6.8m
Cash at Bank (30 April 2021)	\$4.0m
Financial Debt (30 April 2021)	\$11.5m
Enterprise Value	\$14.3m

1. The Company currently has 10 million performance rights and 20 million unlisted options exercisable at \$0.25 per share with an expiry of 4 December 2022 on issue.

## Substantial Shareholders

SBANG Sustainable Energies Limited	35.7%
Star Universal Network plc	10.3%
HSBC Custody Nominees Limited	5.9%
Top 20 (as at 15 June 2021)	70.8%
Number of Shareholders (as at 15 June 2021)	698

## Board & Management

Mark Puzey	Non-Executive Chairman
Tom Rudas	Managing Director
Saithsiri Saksitthisereekul	Non-Executive Director
Steven Hyams	Non-Executive Director
Vijay Joshi	Chief Financial Officer
John Colli	Company Secretary





# Portfolio

Assets are strategically located to service WA's major metropolitan corridors

MADDINGTON



Leased/Owned & Operated

GINGIN



Owned & Operated

BROCKWASTE



Management Agreement

2

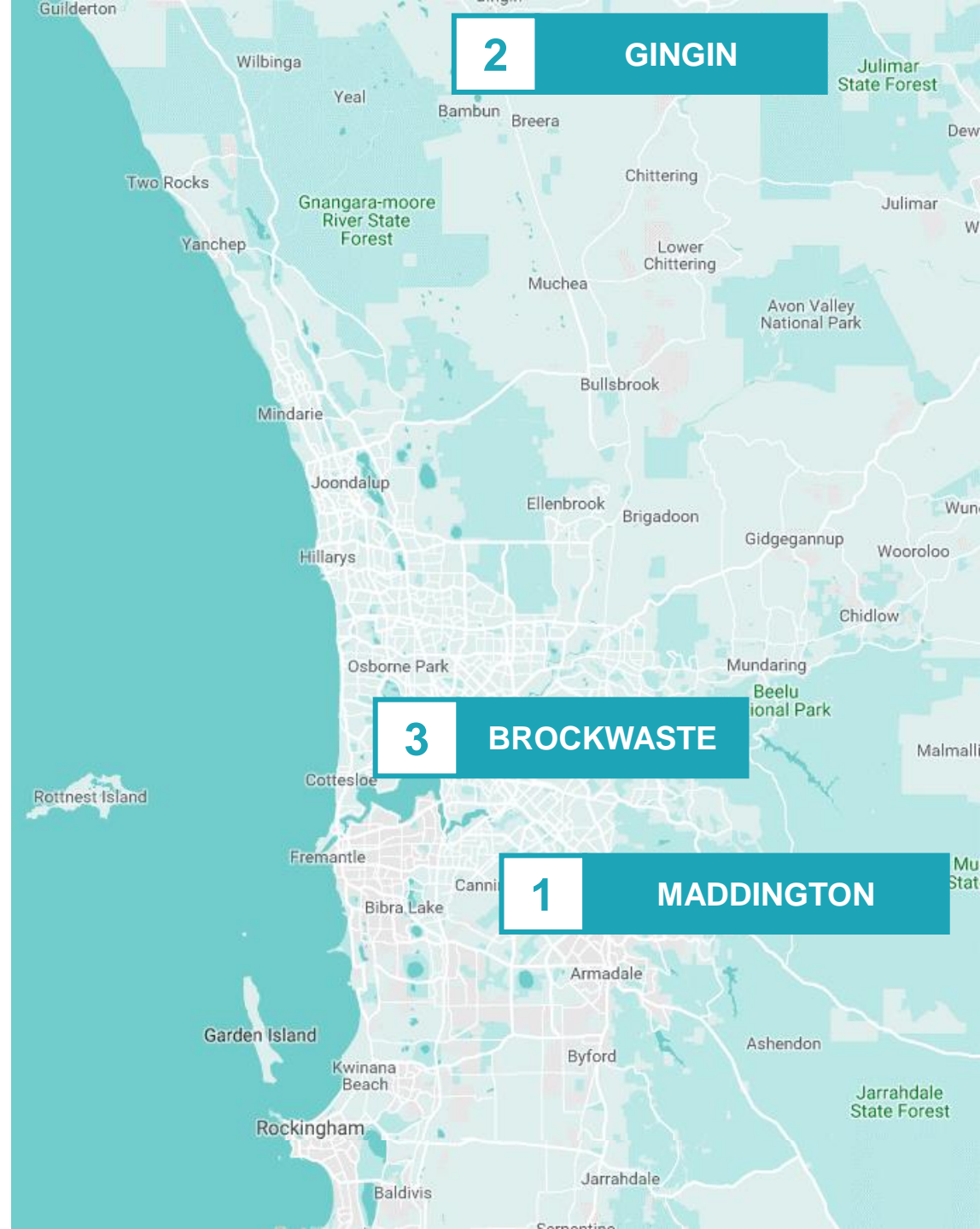
GINGIN

3

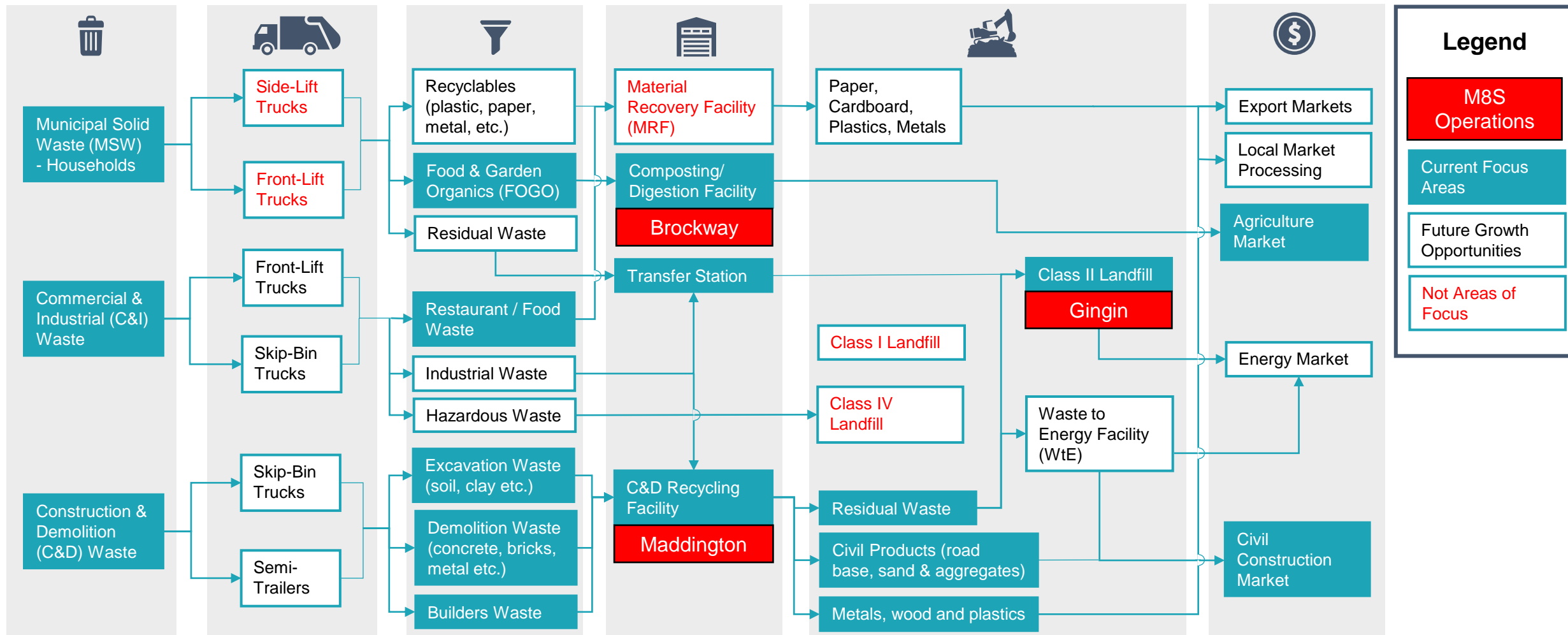
BROCKWASTE

1

MADDINGTON



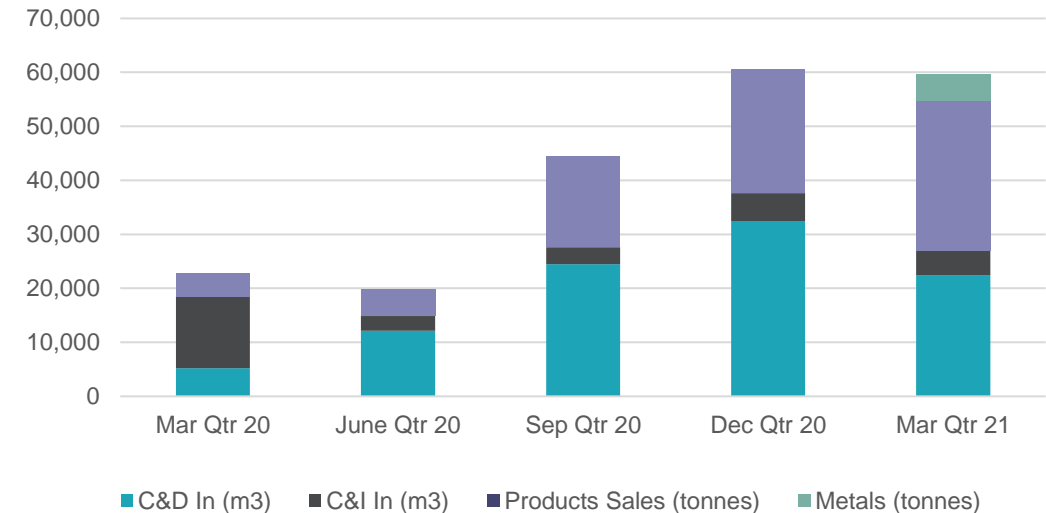
# M8S and the Waste Management Market



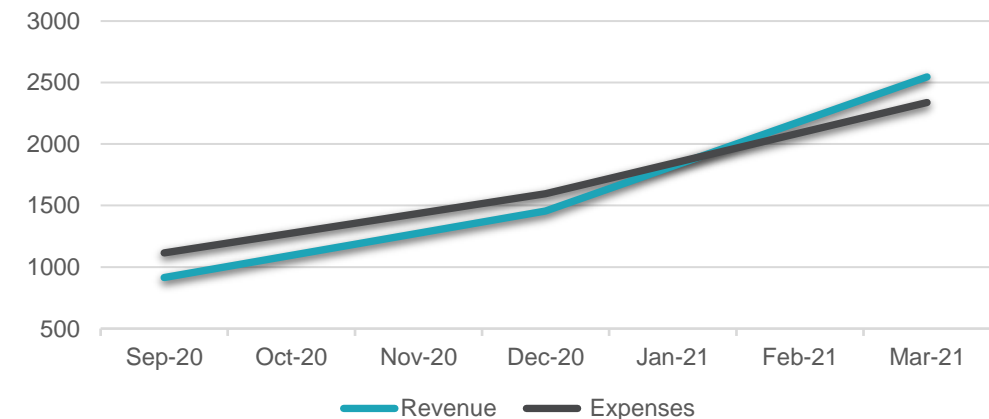
# Maddington Overview

- Fully-permitted Construction & Demolition (C&D) and Commercial & Industrial (C&I) recycling facility with a combined licensed annual capacity of 500,000tpa
- Maddington has experienced solid volume growth from June to December 2020
- However, higher volumes resulted in increased processing costs and insufficient margins with challenges in the regulatory environment
- Since January 2021, M8S has shifted its focus away from recycling mixed builders waste component of C&D to taking in high-value, low-volume waste streams and expanding operations to include metals recycling
- As a result of the focus on profitability, the 3QFY'21 quarter has seen lower C&D and C&I volumes, but better profitability

**Maddington Quarterly Incoming Waste and Product Sales Volumes**



**Maddington Quarterly Operational Revenue and Expenses (\$'000)**





# Maddington Waste Facility

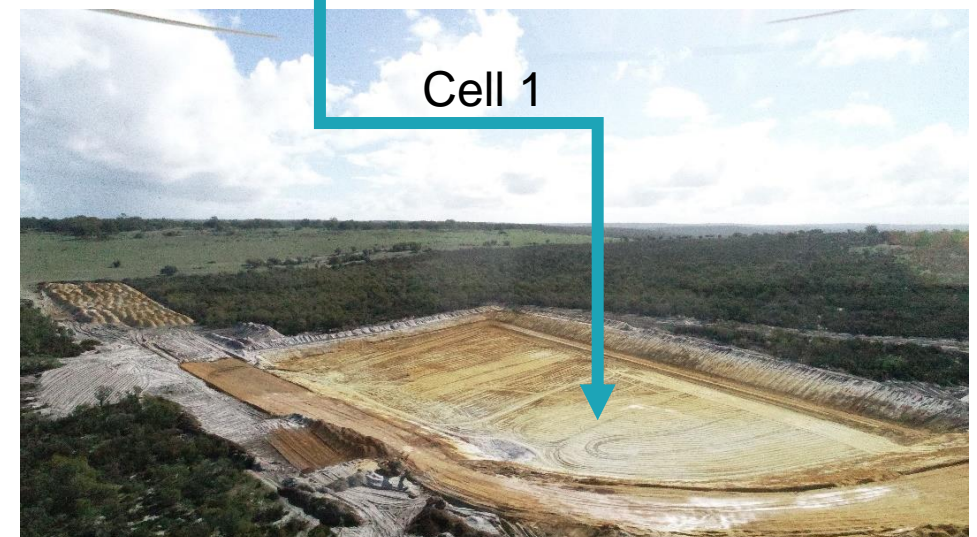
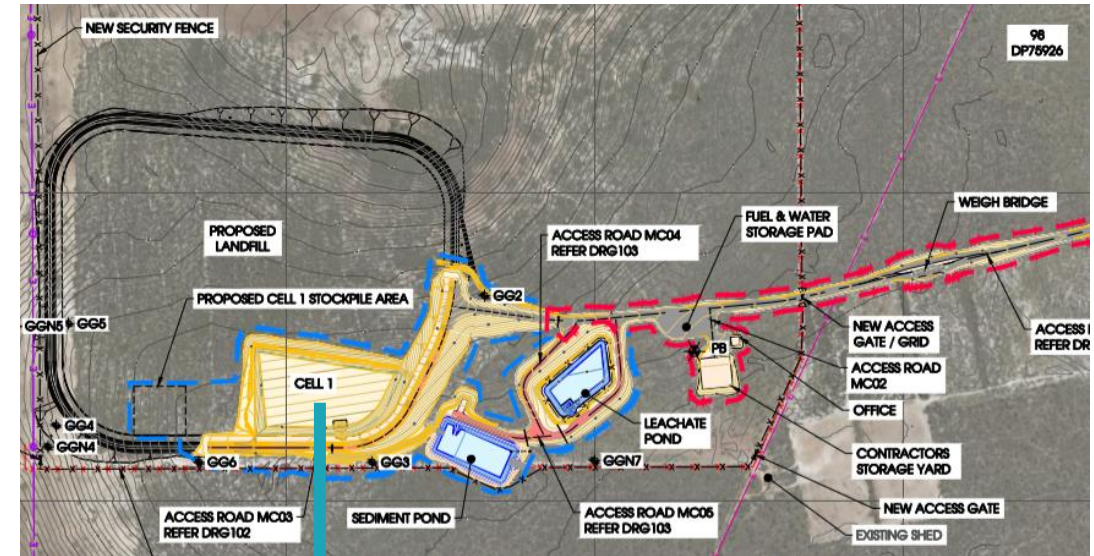
- “Clean” C&D and processed Builders/Demolition Waste product manufacturing
- Metals Recycling
- Mixed Builders and Demolition Waste Recycling





# Gingin Overview

- Fully-permitted bioreactor landfill facility with capacity of 150,000tpa
- The facility will generate biogas through the accelerated breakdown of organics in the bio-reactor cell allowing M8S to produce renewable energy
- Gingin is approved for Class II putrescible waste, but its current Works Approval allows M8S to seek approval for a Class III License which will allow M8S to receive certain hazardous waste
- \$11m (14% interest p.a.) financing facility secured through Remagen Capital, enabling Gingin construction
- Development and construction of Gingin has re-commenced, with liner installation due to commence in the September 2021 quarter
- Completion of the construction of Gingin currently expected in December 2021, with commissioning and operations currently expected to commence in Q1 2022
- c\$7m of capital expenditure to complete the construction and commissioning
- Overhead costs at Gingin are anticipated to be c\$20,000 per month, under lowest volume scenario. This equates to approx. 300t per month (6 average vehicle movements per month) of waste received, against a business case that contemplates circa 1,500t per month over a 2 month commissioning phase (12% capacity) with an objective to progressively ramp up to 12,500t per month



# A Clear & Focused Strategy

## Sustainable Cash Flow from Maddington →

- Revised Maddington strategy to maximise profitability
- Focussing on high-margin waste products i.e. clean concrete and metals
- Reduced focus on mixed building waste market until regulatory changes are effected
- Increased focus on operational cost reductions
  - Temporary suspension of mixed builders waste recycling facility operations
- C&D recycling
  - Rationalise C&D processing to profitable waste streams only
- Metals Recycling
  - Expand to include aggregation, collection, processing and export

## Finalise Construction & Commissioning of Gingin →

- Class II Landfill
  - Funding secured for construction in February 2021
  - Completion currently expected towards the end of 2021, date moved due to
    - Finalising funding
    - A conservative timeline to account for potential winter weather delays
- Class III Landfill
  - Seek approval to upgrade License
  - Allow the acceptance of certain Hazardous Wastes
- Upon commissioning the landfill facility will receive waste from M8 customers as well as residual waste from M8 recycling operations

## Realise Potential of Brockwaste →

- Brockwaste is currently licensed by the DWER to accept and process Food Organics Garden Organics (FOGO)
- The WA State government has set a target date of 2025, for all Local Government Authorities (LGA's) to have separate collection of FOGO via a dedicated mobile garbage bin (MGB)
- Pending a successful resolution and settlement with the WMRC, Brockwaste has the capacity to accept up to 60,500tpa of FOGO and other solid organic wastes
- The integrated combination of both Brockwaste and Gingin servicing the Perth FOGO market places M8S in a unique position

# Future Opportunities

## Future Objectives



### Maddington Master Plan

- Putrescible waste transfer station
- Controlled waste transfer station

### Gingin Master Plan

- 50,000tpa FOGO composting facility
- Energy from Waste facility
- Solar Farm

### Mergers & Acquisitions

- Continue to explore acquisition opportunities at the appropriate time
- Acquisition opportunities to be focused on businesses which expand the footprint and capabilities of M8S

### Sharing Economy - IHUB Technologies Pty Ltd

- Development of a sharing platform for the waste management market with particular focus on skip bin companies
- Initial testing to be carried out with Access Waste
- Nation wide roll-out currently expected in 2022

### Access Waste

- Provide logistics support to M8S operations
- Development of regional waste management services
- Beta testing of IHUB

### Corporate Costs

- Corporate costs are budgeted as \$312k/month exclusive of interest of c\$115k/month
- Refinancing the debt can potentially remove c\$1.5m pa of interest payments (first 6 months pre-paid)
- Depreciation - own assets of \$80k/month and leased assets (AASB 16) c\$75k/month



# Equity Raising

Offer structure & size	M8S is seeking to raise <b>~\$4.7m by way of an underwritten 1:1 renounceable rights issue (Entitlement Offer)</b> at an issue price of <b>\$0.02 per share</b> pursuant to a prospectus issued by the Company in accordance with section 713 of the Corporations Act ( <b>Prospectus</b> ). M8 Holding Limited (formerly SBANG Sustainable Energies Limited) has committed to subscribe for its full-entitlement under the Renounceable Rights Issue
Ranking	Pari passu with existing fully paid ordinary shares on issue
Use of proceeds	To fund the progressive ramp up of steel activities at Maddington, complete construction of Gingin and supplement working capital.
Lead Manager & Underwriter	Canaccord Genuity (Australia) Limited to act as Lead Manager and Underwriter to the Rights Issue

# Pro-Forma Balance Sheet

	Reviewed 31-Dec-20	Actual 30-Apr-21 (not audited)	Rights Issue Cash Effect	Pro-forma 30-Apr-21
<b>Assets</b>				
<u>Current Assets</u>				
Cash & Cash Equivalents	1,254,238	4,018,499	4,384,091	8,402,590
Trade and other receivables	717,344	1,794,843		1,794,843
Prepayments	415,081	564,981		564,981
Inventory	0	105,533		105,533
<b>Total Current Assets</b>	<b>2,386,663</b>	<b>6,483,856</b>	<b>4,384,091</b>	<b>10,867,947</b>
<u>Non-Current Assets</u>				
Property, Plant and Equipment	16,481,033	17,839,754		17,839,754
Right-of-use Asset	2,745,600	3,282,545		3,282,545
Other noncurrent assets	406,500	3,906,500		3,906,500
<b>Total Non-Current Assets</b>	<b>19,633,133</b>	<b>25,028,799</b>	<b>0</b>	<b>25,028,799</b>
<b>Total Assets</b>	<b>22,019,796</b>	<b>31,512,655</b>	<b>4,384,091</b>	<b>35,896,746</b>
<b>Liabilities</b>				
<u>Current Liabilities</u>				
Trade and other Creditors	929,806	786,240		786,240
Borrowings	389,971	10,839,019		10,839,019
Lease liabilities	540,702	518,601		518,601
Provisions	102,563	104,088		104,088
<b>Total Current Liabilities</b>	<b>1,963,042</b>	<b>12,247,948</b>	<b>0</b>	<b>12,247,948</b>
<u>Non-Current Liabilities</u>				
Borrowings	685,617	678,285		678,285
Lease liabilities	7,687,124	8,393,093		8,393,093
<b>Total Non-Current Liabilities</b>	<b>8,372,741</b>	<b>9,071,378</b>	<b>0</b>	<b>9,071,378</b>
<b>Total Liabilities</b>	<b>10,335,783</b>	<b>21,319,326</b>	<b>0</b>	<b>21,319,326</b>
<b>Net Assets</b>	<b>11,684,013</b>	<b>10,193,329</b>	<b>4,384,091</b>	<b>14,577,420</b>
<b>Shareholders' Equity</b>				
Issued Capital	41,991,364	41,991,364	5,144,596	47,135,960
Share based payment reserve	1,761,072	1,802,456		1,802,456
Accumulated Losses	(32,068,423)	(22,803,652)		(22,803,652)
Current Net Income / (Loss)		(10,796,839)	(760,505)	(11,557,343)
<b>Total Shareholders' Equity</b>	<b>11,684,013</b>	<b>10,193,329</b>	<b>4,384,091</b>	<b>14,577,420</b>

# Investment Proposition

- M8 has had a pivot of its business strategy to ensure that its assets are developed to the benefit of shareholders which requires it to raise equity
- The equity being raised will be used to construct Gingin and to continue progressing Maddington towards a cash positive sustainable operating position across 2021 i.e. EBITDA positive prior to becoming group EBT positive
- Once Gingin is completed, M8S will seek to refinance its existing debt, with a new debt facility and/or equity. The objective is to have a clean balance sheet capable of supporting the development of the business to a sustained cash flow positive and profitable position. Management need to deliver this with a focus on reducing corporate costs inclusive of interest costs
- M8S needs to execute its development strategy in a timely and successful manner in order to create value for shareholders
- A clean balance sheet and cash flow positive operations are pivotal to the alignment of value and share price





# Value Proposition

- The table below outlines a range of potential Implied Net Tangible Assets Per Share (NTAPS) values, should value be ascribed to Gingin after completion (on a going concern basis - refer notes 1,2) with a range of discounted scenarios
- This is based on a combination of 30 April 2021 pro-forma balance sheet items (post rights issue - unaudited), less Gingin construction cost to complete (estimate), plus value being ascribed to Gingin after completion (on a going concern basis – refer notes 1,2) with a range of discounted scenarios. This is not a forecast
- The figures below are given for illustrative purposes only and investors should not base any investment decision in the Company on them. Further, the figures have not been audited, are based on unaudited financial information and may be subject to change

Gingin landfill ascribed value after completion (on a going concern basis - \$m) <sup>1, 2</sup>	56	56	56	56	56	56	56	56	56	56
Maddington Property, Plant & Equipment Book Value (\$m) <sup>3</sup>	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Current assets, less trade & other creditors (\$m) <sup>3</sup>	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Borrowings (\$m) <sup>3</sup>	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)
Gingin Capex to Complete (estimate - \$m)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)
<b>Implied Net Tangible Assets (before discount - \$m) <sup>4</sup></b>	<b>49.7</b>	<b>49.7</b>	<b>49.7</b>	<b>49.7</b>	<b>49.7</b>	<b>49.7</b>	<b>49.7</b>	<b>49.7</b>	<b>49.7</b>	<b>49.7</b>
<b>Discount Factor</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>30%</b>	<b>40%</b>	<b>50%</b>	<b>60%</b>	<b>70%</b>	<b>80%</b>	<b>90%</b>
<b>Discount Adjusted Implied Net Tangible Assets (\$m) <sup>4</sup></b>	<b>49.7</b>	<b>44.7</b>	<b>39.8</b>	<b>34.8</b>	<b>29.8</b>	<b>24.9</b>	<b>19.9</b>	<b>14.9</b>	<b>9.9</b>	<b>5.0</b>
Shares on Issue post Rights Issue( m)	470	470	470	470	470	470	470	470	470	470
Implied NTAPS (c) <sup>5</sup>	10.6	9.5	8.5	7.4	6.3	5.3	4.2	3.2	2.1	1.1

Notes to table:

- An independent expert valuer, commissioned by Remagen and Fernview Environmental Pty Ltd (M8S wholly owned subsidiary), has ascribed a value of \$56m to the Gingin landfill upon its completion and on a going concern "as if complete" basis. The market value was completed for first mortgage security purposes only. The valuation was not performed for the purposes of this or any other capital raising. The valuation was performed on the 9<sup>th</sup> September 2020. **The Valuations are not to be relied upon by any third party except the instructing party**
- A value of \$56m will not be recognised for Gingin on the M8S balance sheet at completion of Gingin construction as M8S's accounting policy for property, plant and equipment is to state at cost less any accumulated depreciation and impairment.
- 30 April 2021 pro-forma balance sheet items (unaudited) – refer to Pro-forma Balance Sheet outlined earlier
- Implied Net Tangible Assets above do not include the following from the 30 April 2021 pro-forma balance sheet: right of use asset, other non-current assets, lease liabilities, provisions (which total as a net liability of \$1.8m)
- The sum of M8S's parts potentially represent more than the implied market capitalisation post issue(s) of \$9.3m at an implied share price of \$0.02 per share (\$11.4m market capitalisation at Theoretical Ex-Rights Price of \$0.0245)

# CONTACT DETAILS



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