



ASX Announcement | 23 July 2024

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 30 June 2023

KEY POINTS

- On the 1st of June 2023, McGrathNicol executed a pooled Deed of Company Arrangement (DOCA) for M8 Sustainable Ltd and Fernview Environmental Pty Ltd
- On the 6th of June 2023, McGrathNicol reverted control of M8S and Fernview Environmental to its Directors. Mr Rodney Illingworth position as director of M8S ceased prior to the transfer of control
- Fernview Environmental Pty Ltd ceased being a fully owned subsidiary of M8S

M8 Sustainable Limited (“**M8S**” or “**the Company**”) provides the following update on Company activities for the quarter ended 30 June 2023.

M8 Sustainable Ltd and its fully owned subsidiary was placed in Voluntary Administration by Remagen Invest M8S Pty Ltd which had extended a loan to Fernview Environmental Pty Ltd, with M8 Sustainable Ltd acting as guarantor.

On the 6th of June M8S and Fernview Environmental was returned to its directors following the execution and effectuation of a Deed of Company Arrangement (DOCA). As part of the DOCA, Fernview Environmental Pty Ltd ceased being a fully owned subsidiary of M8S and Mr Rodney Illingworth ceased being a director of M8S.

Cash Flow

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

Operating Activities: \$3,224k used in total.

Receipts - \$167k

- \$153k - receipts from customers
- \$14k - Interest

Payments - \$3,391k

- \$1,585k - manufacturing and operating costs
- \$1,248k - employment costs including all on-costs
- \$537k - insurance, legal, IT, professional, variable outgoings on leased property and audit fees etc.(net)
- \$21k - interest and other finance costs

Investing Activities: \$455k used in total.

- Payments -\$100k – Fernview Environmental Pty Ltd director indemnity
- \$355k - purchase of plant and equipment

Financing Activities: \$3,630k in total

Receipts - \$17,328k: Received from M8 Holding Ltd as contribution towards DOCA to repay the debt

Payment – 13,698k Loan of Remagen was settled in full

As of 30 June 2023, the company has settled all payments to suppliers and debts owed to Remagen and Reforme Capital in accordance with the terms of the Deed of Company Arrangement (DOCA). Additionally, Fernview Environmental Pty Ltd ceased to be a subsidiary of the company pursuant to the DOCA terms. Consequently, no other capital commitments exist as of the date of this report. This announcement is authorised for market release by the Board of Directors.

ENDS-

For further information please contact:

Tom Rudas, Managing Director, 0411876673

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 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months 30.06.23) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	153	1,153
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(1,585)	(2,988)
(c) advertising and marketing	0	0
(d) leased assets	0	0
(e) staff costs	(1,248)	(2,058)
(f) administration and corporate costs	(537)	(1876)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	14	57
1.5 Interest and other costs of finance paid	(21)	(147)
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	(3,224)	(5,859)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	(100)	(100)
(b) businesses	0	0
(c) property, plant and equipment	(355)	(3,827)
(d) investments	0	0
(e) intellectual property	0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months 30.06.23) \$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	(455)	(3,927)

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	0	7,544
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*	17,328	18367
3.6	Repayment of borrowings*	(13,698)	(16,595)
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	3,630	9,816

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	91	12
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,224)	(5,859)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months 30.06.23) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(455)	(3,927)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,630	9,816
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	42	42

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	42	91
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)	42	91

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
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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

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	6,919	6,919
7.2 Credit standby arrangements	942	942
7.3 Other (please specify)	0	0
7.4 Total financing facilities	7,861	7,861

7.5 **Unused financing facilities available at quarter end** 0

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.

Due to the Company being placed into Voluntary Administration no further drawdowns are available under all existing loan facilities (below).

- **M8H convertible loan facility**
 - Amount owing: \$6.9 million
 - Lender - M8 Holdings Limited
 - Interest Rate - 10%
 - Maturity Date – M8 Holding has advised the that they will seek conversion and not repayment
 - Security - Unsecured
- **Gingin construction loan facility**
 - Amount owing: \$942,551
 - Lender - SBANG Australia Pty Ltd
 - Interest Rate - 10%
 - Maturity Date – June 2025
 - Security - Unsecured

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(3,224)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	42
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	42
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0

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: The Net Cash from/(Used in) operating activities of (\$3,224) primarily represents expenses incurred during the period when the company was under administration. During this time, several one-off expenses were recorded. However, the company proactively managed costs even while in a holding pattern.

Most employees were made redundant, significantly reducing ongoing costs. Additionally, the company successfully renegotiated the Maddington lease with the lessor, resulting in the majority of the rental property being assigned to other companies. Consequently, monthly lease rental commitments have been drastically reduced. Furthermore, all machinery hire costs were minimized.

These measures have ensured that operating costs are now minimal, and such a financial position is not expected to recur.

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: Due to the reasons mentioned above

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: 23 July 2024

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.