



M8 Sustainable Ltd
ACN 620 758 358

Appendix 4D

ASX listing rule 4.2.A.3

Report for the half year ended 31 December 2023

Reporting Period: 6 months ended 31 December 2023

Previous Corresponding Period: 6 months ended 31 December 2022

The Half-Year Consolidated Financial Report should be read in conjunction with the financial statements for the year ended 30 June 2023.

Results for announcement to the market

	31 December 2023	31 December 2022	Change Up / Down	Change Movement
	\$'000	\$'000	\$'000	%
Revenue from ordinary activities	289	984	(695)	(71%)
Profit/(Loss) from ordinary activities after tax attributable to members	2,690	(1,414)	4,101	-
Profit/(Loss) for the period attributable to members	2,690	(1,414)	4,101	-

Dividends

	Amount per Security (Cents)	Franked Amount
Final 2023 fully franked dividend	Nil	0%
Interim 2024 fully franked dividend	Nil	0%

Net Tangible Assets (NTA) per security

	31 December 2023	31 December 2022
	\$	\$
NTA per security	(0.021)	0.006

Other

Items 4 through 9 of Appendix 4E can be found in the attached Financial Statements.

M8 SUSTAINABLE LIMITED
ACN 620 758 358

INTERIM
FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

M8 SUSTAINABLE LIMITED

CORPORATE DIRECTORY

Directors

Tomasz Jacek Rudas, Managing Director and Chief Executive Officer
Saithsiri Saksitthisereekul (appointed Chairman 14 December 2022)
Damien Craig Flugge (appointed 14 December 2022)

Company Secretary

Winton Willesee (appointed 23 February 2024)
John Colli (retired 23 February 2024)

Registered Office

Unit 1, 48 Kelvin Road,
Maddington WA 6109

Principal Place of Business

Unit 1, 48 Kelvin Road,
Maddington WA 6109

Share Register

Computershare Investor Services Pty Limited GPO Box 3224
Melbourne
Victoria 3001 Australia

ASX Listing

M8 Sustainable Limited shares are listed on the Australian Securities Exchange (ASX) and trade under the code M8S.

Auditors

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

M8 SUSTAINABLE LIMITED
CONTENTS

	<u>Page</u>
Directors' Report	4
Directors' Declaration	10
Independent Auditor's Review Report	11
Auditor's Independence Declaration	13
Statement of Profit or Loss and Other Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Statement of Cash Flows	18
Notes to the Financial Statements	19

**M8 SUSTAINABLE LIMITED
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

The Directors present their report for M8 Sustainable Limited ("M8 Sustainable" or "the Company") for the half year ended 31 December 2023.

DIRECTORS

The directors of the Company that held office during the half year ended 31 December 2023 and up to the date of this report, unless otherwise indicated, are:

Tomasz Jacek Rudas, Managing Director and Chief Executive Officer
Saithsiri Saksitthisereekul (appointed Chairman 14 December 2022)
Damien Craig Flugge (appointed 14 December 2022)

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Operations

For the half year ended 31 December 2023, the company recorded revenue of \$288,842 compared to \$983,992 for the prior corresponding period ("pcp"), a decrease of 71%.

Total income was \$4,545,614 compared to \$1,755,553 for the pcp. Included in income is \$3.5 million arising on the early termination of a lease by the company, together with \$300,000 attributable to reversal of impairment on a receivable.

The company recorded a profit after tax of \$2,689,747 for the reporting period. This compares to a loss after tax of \$1,414,264 for the pcp.

Maddington Waste Facility ("Maddington")

The Company made a strategic decision to exit the Construction and Demolition (C&D) waste recycling sector as market and regulatory conditions had not improved to a point that made recycling economically viable.

In order to focus on more valuable waste streams as well as prepare for the eventual opening of Gingin landfill and the anticipated waste supply requirements that M8 could fulfill with its waste transfer station license, it was decided to reduce the site requirements at Maddington, by relinquishing the lease over Lot 280 and the offices.

M8 utilized its remaining C&D waste recycling equipment to off-set its costs of remediating the Maddington site and removing all unprocessed waste as well as carrying out repairs and maintenance on the site.

On 1 October 2023 the Company reduced its out-goings by reducing its rent from \$115,000 per month to \$62,000 per month by relinquishing leases over Unit 1 and 2, 48 Kelvin Road Maddington (offices) and Lot 280, 42 Kelvin Rd, Maddington.

The lease over Lot 281, 42 Kelvin Rd, Maddington allows M8 to focus on scrap metal recycling and waste transfer station.

M8 SUSTAINABLE LIMITED
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Corporate

Board Changes

- There were no Board changes.

Equity Raisings

- There have been no equity raisings.

Constitution

- There have been no changes to the Constitution.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

All significant changes in the state of affairs of the company during the reporting period are discussed as detailed above and the Events Arising Since the End of the Reporting Period.

DIVIDENDS

The directors have determined that no interim dividend be declared (2022: Nil).

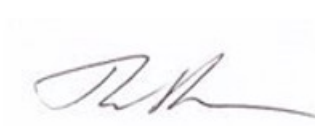
EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No material transactions have occurred since 31 December 2023 up until the date of this report, which the directors consider require disclosure.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 9 of this financial report.

This report is made in accordance with a resolution of the directors, pursuant to Section 306(3)(a) of the Corporations Act 2001.



Tomasz Rudas
Director

Dated this 24th day of December 2024

Perth
Western Australia

M8 SUSTAINABLE LIMITED DIRECTORS' DECLARATION

The directors of the Company declare that:

1. In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and giving a true and fair view of the financial position of the company as at 31 December 2023 and performance of the company for the half year ended 31 December 2023; and
2. In the Directors' opinion, subject to the matters detailed in Note 2(a)(ii), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors made pursuant to Section 303(5)(a) of the *Corporations Act 2001*.



Tomasz Rudas
Director

Dated this 24th day of December 2024

Perth
Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF M8 SUSTAINABLE LIMITED

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of M8 Sustainable Limited (the company) which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of M8 Sustainable Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the interim financial report, which indicates that the company's current liabilities exceeded its current assets by \$2,368,051. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of M8 Sustainable Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the M8 Sustainable Limited are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA



Perth, WA
Dated: 24 December 2024

MATTHEW BEEVERS
Partner

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of M8 Sustainable Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'RSM'.

RSM AUSTRALIA

A handwritten signature in blue ink, appearing to read 'Matthew Beevers'.

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 24 December 2024

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.
RSM Australia Partners ABN 36 965 185 036
Liability limited by a scheme approved under Professional Standards Legislation

M8 SUSTAINABLE LIMITED

Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2023

	Notes	31 December 2023 \$	Restated* 31 December 2022 \$
Continuing operations			
Revenue from contracts	3	288,842	983,992
Other income	3	4,256,772	771,561
Total revenue and income		4,545,614	1,755,553
Employee related expenses	4	(205,501)	(1,191,448)
Recycling, waste disposal and other site costs	5	(237,719)	(554,390)
Rental outgoings and license fees		(239,156)	(200,889)
Insurance costs		(145,552)	(180,496)
Professional fees		(1,780)	(246,888)
Depreciation of property, plant and equipment		-	-
Finance costs		(805,776)	(424,540)
Share in loss of joint venture		-	(42,588)
Other expenses	6	(220,383)	(296,851)
Profit / (Loss) before income tax		2,689,747	(1,382,537)
Income tax benefit		-	-
Profit / (Loss) for the period		2,689,747	(1,382,537)
Discontinued Operations			
(Loss) after tax for the period from discontinued operations	15	-	(31,727)
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the financial period attributable to the equity holders of the Company		2,689,747	(1,414,264)
Continuing and Discontinued Operations			
Profit / (loss) per share attributable to ordinary equity holders (cents)			
Basic and diluted profit/ (loss) per share	7	0.49	(0.30)
Continuing Operations			
Profit / (loss) per share attributable to ordinary equity holders (cents)			
Basic and diluted profit/ (loss) per share	7	0.49	(0.27)

*Restated for discontinued operation – refer Note 15

The accompanying notes form part of and should be read in conjunction with these half-year financial statements.

M8 SUSTAINABLE LIMITED

Statement of Financial Position As at 31 December 2023

	Notes	31 December 2023 \$	30 June 2023 \$
CURRENT ASSETS			
Cash and cash equivalents	8	1,906	25,748
Trade and other receivables	9	215,658	314,084
Prepayments		128,565	119,839
Total Current Assets		346,129	459,671
NON-CURRENT ASSETS			
Property, plant and equipment		272,727	-
Right-of-use asset		-	-
Investment in joint venture		-	-
Other non-current assets		506,500	506,500
Total Non-current Assets		779,227	506,500
TOTAL ASSETS		1,125,356	966,171
CURRENT LIABILITIES			
Trade and other payables	10	1,742,033	1,414,689
Borrowings	11	580,903	2,236,436
Lease liabilities	12	334,369	314,353
Provisions	13	56,875	155,640
Total Current Liabilities		2,714,180	4,121,118
NON-CURRENT LIABILITIES			
Borrowings	11	7,219,828	4,639,133
Lease liabilities	12	2,817,545	6,595,525
Provisions	13	73,661	-
Total Non-current Liabilities		10,111,034	11,234,657
TOTAL LIABILITIES		12,825,214	15,355,776
NET ASSETS		(11,669,858)	(14,389,605)
EQUITY			
Issued capital	14	47,013,006	47,013,006
Convertible notes reserve		1,386,112	1,386,112
Share-based payment reserve		-	1,287,773
Accumulated losses		(60,098,976)	(64,076,496)
TOTAL EQUITY		(11,669,858)	(14,389,605)

The accompanying notes form part of and should be read in conjunction with these half-year financial statements.

M8 SUSTAINABLE LIMITED

Statement of Changes in Equity For the Half-Year Ended 31 December 2023

	Issued capital \$	Converti- ble note reserve	Share- based payment reserve \$	Accumu- lated losses \$	Total equity \$
Balance at 1 July 2022	46,513,006		1,246,264	(44,640,244)	3,119,026
Loss after tax	-	-	-	(1,414,264)	(1,414,264)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,414,264)	(1,414,264)
Shares issued – Rights issue	500,000	-	-	-	500,000
Convertible notes issued	-	1,296,208	-	-	1,296,208
Shares issued to underwriters of rights issue	-	-	-	-	-
Capital raising costs	-	-	-	-	-
Share options	-	-	41,509	-	41,509
Total transactions with owners recorded directly in equity	500,000	1,296,208	41,509	-	1,837,717
Balance as at 31 December 2022	47,013,006	1,296,208	1,287,773	(46,054,508)	3,542,479
Balance at 1 July 2023	47,013,006	1,386,112	1,287,773	(64,076,496)	(14,389,605)
Profit after tax	-	-	-	2,689,747	2,689,747
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	2,689,747	2,689,747
Shares issued – through placement	-	-	-	-	-
Convertible notes issued	-	-	-	-	-
Transfer	-	-	(1,287,773)	1,287,773	-
Total transactions with owners recorded directly in equity	-	-	-	-	-
Balance as at 31 December 2023	47,013,006	1,386,112	-	(60,098,976)	(11,669,858)

The accompanying notes form part of and should be read in conjunction with these half-year financial statements.

M8 SUSTAINABLE LIMITED

Statement of Cashflows For the Half-Year Ended 31 December 2023

	31 December 2023 \$	31 December 2022 \$
Cash flows used in operating activities		
Profit / (Loss) after income tax	2,689,747	(1,414,264)
Adjustments for:		
<i>Non-cash items:</i>		
Gain on sale of PPE	(237,609)	-
Share-based payment expense	-	41,509
Share of loss in joint venture	-	42,588
Gain on termination of lease	(3,531,382)	-
Gain on modification of convertible notes	(187,780)	
Reversal of impairment of receivables	(300,000)	
Reversal of expired lease liabilities	-	(729,000)
Accrued interest and fees on convertible notes	1,152,847	393,093
Remagen interest adjustment	-	(87,192)
Accrued interest receivable from Star Shenton Energy	-	(35,562)
Accrued interest for deferred wages	-	12,280
Interest expense on lease	183,125	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	98,427	(7,638)
Decrease/(increase) in prepayments	(8,726)	94,956
Decrease in inventory	-	-
(Decrease)/increase in trade payables and other payables	354,615	(171,694)
Increase in provisions	(25,104)	3,450
Net cash flows used in operating activities	188,159	(1,857,474)
Cash flows used in investing activities		
Purchase of property, plant and equipment	-	(1,567,567)
Proceeds from sale of fixed assets	237,609	-
Payments for landfill contractor	-	(362,639)
Investment in joint venture	-	(126,500)
Net cash flows used in investing activities	237,609	(2,056,706)

M8 SUSTAINABLE LIMITED

Statement of Cashflows For the Half-Year Ended 31 December 2023

	31 December 2023 \$	31 December 2022 \$
Cash flows from financing activities		
Proceeds from share capital	-	500,000
Proceeds from M8 Holding Limited convertible note	-	3,525,433
Proceeds from Reforme Special Situation Pty Ltd convertible note	-	2,400,000
Proceeds from short-term loans	159,911	380,496
Repayment of short-term loans	-	(429,218)
Repayment of equipment finance loans	-	(109,829)
Repayment of Remagen loan	-	(1,771,024)
Repayment of short term loan	(199,815)	-
Repayment of principal portion of lease liabilities	(409,706)	(479,186)
Net cash flows from financing activities	(449,610)	4,016,672
Net decrease in cash and cash equivalents	(23,842)	102,492
Cash and cash equivalents at the beginning of the financial period	25,748	11,596
Cash and cash equivalents at the end of the period	1,906	114,088

The accompanying notes form part of and should be read in conjunction with these half-year financial statements.

M8 SUSTAINABLE LIMITED

Notes to the Financial Statements For the Half-Year Ended 31 December 2023

Note 1. Corporate Information

These interim financial statements of M8 Sustainable Limited (the "Company") for the six months ended 31 December 2023, were authorised for issue in accordance with a resolution of the Directors on 22 December 2024.

The Company is a listed public company, incorporated and domiciled in Australia. Its registered office is Unit 1, 48 Kelvin Road, Maddington WA 6109 and its principal place of business is Unit 1, 48 Kelvin Road, Maddington WA 6109. Its principal activities are related to the waste industry.

Note 2. Basis of Preparation and Material Accounting Policy Information

a) Basis of preparation

(i) Compliance statement

The interim financial statements are condensed general purpose financial statements, prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard 134 *Interim Financial Reporting* ("AASB 134").

The interim financial statements do not include all notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the 2023 Financial Statements for the year ended 30 June 2023 and any public announcements made by the Company during the period ended 31 December 2023 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the company's annual financial statements, except as disclosed below.

The financial statements do not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Company does not continue as a going concern.

As noted below, the company lost control of its subsidiary, entity Fernview Environment Pty Ltd, in February 2023. Accordingly comparative periods Statements of Profit or Loss and other Comprehensive Income, Changes in Equity and Cash Flows for the six months ended 31 December 2022 are presented on a consolidated basis.

(ii) Going concern

For the period ended 31 December 2023, the company recorded a net profit before tax of \$2,689,747 (2022: \$1,414,264 Loss). Included in net profit after tax is \$3.5 million arising on the early termination of a lease by the company, together with \$300,000 attributable to reversal of impairment on a receivable. As at 31 December 2023, the company's cash and cash equivalents amounted to \$1,906 (30 June 2023: \$25,748) and had net current liabilities of \$2,368,051 (30 June 2023: \$3,661,447).

On 10 February 2023, the securities of the Company were suspended from quotation on the ASX and on 13 February 2023, McGrathNicol Restructuring was appointed as Voluntary Administrators of the Company. On the 14 February 2023, McGrathNicol Restructuring was also appointed as Voluntary Administrators of the Company's wholly owned subsidiary, Fernview Environment Pty Ltd. In connection with the appointment of Voluntary Administrators, McGrathNicol undertook an assessment of the Company and its business and assets and explored options for the sale and/or recapitalisation of the Company.

The Voluntary Administrators advised on 1 June 2023 that the Company had executed a pooled Deed of Company Arrangement (DOCA). Execution of the DOCA had the effect of appointing McGrathNicol as Deed Administrators responsible for the administration of the DOCA and the Voluntary Administration of the Company came to an end.

The Deed Administrators of the Company advised that on 6 June 2023, pursuant to the DOCA, control and management of the Company and Fernview Environment Pty Ltd reverted to their respective directors and Mr R Illingworth ceased as a director of the Company.

M8 SUSTAINABLE LIMITED

Notes to the Financial Statements For the Half-Year Ended 31 December 2023

Note 2. Basis of Preparation and Material Accounting Policy Information (continued)

a) Basis of preparation (continued)

(ii) *Going concern (continued)*

The financial effect of the appointment of Voluntary Administrators to the Company and execution of the DOCA includes:

- The loss of control of Fernview Environment Pty Ltd and resulting deconsolidation of that entity, which among other assets was the owner of the Gingin Landfill Facility (now wholly owned by M8 Holdings Limited); and
- The settlement of the creditors existing as at 13 February 2023 of the Company, other than:
 - continuing employees in respect to their continuing employment as at that date;
 - all claims of M8 Holdings Ltd as at that date; and
 - all claims of RPS Recycling, Sbang Australia, the Maddington property lessors, Iron Capital and any amounts with respect to a performance bond or bank guarantee as at that date.

Since 10 February 2023 the Company has had and continues to have its securities suspended from quotation on the ASX.

Since 6 June 2023, Directors of the Company have been in on-going discussions with its majority shareholder, M8 Holdings Limited with regard to funding alternatives and strategic partnering arrangements, including with respect to the near complete Gingin Landfill Facility now owned indirectly by M8 Holdings Limited through its now wholly owned subsidiary Fernview Environmental Pty Ltd.

Since 6 June 2023, the Company has:

- reduced its monthly salaries and wages cost with all continuing employees other than the managing director having been made redundant;
- revised its leasing arrangements with the Maddington property lessor so as to reduce the monthly lease cost; and
- continued its green waste agreement with Community Green Waste and its weighbridge activities which is contributing cashflow and revenue for the Company, albeit at relatively low amounts at this time.

Since 6 June 2023, M8 Holdings Limited has provided working capital funding, by way of loan, to the company of \$420,992 net of repayments.

On or around 22 December 2023, the Company and its shareholder M8 Holdings Limited agreed to extend the maturity date of convertible notes with face values of \$540,433 and \$1,008,000 to 31 March 2025.

On 13 August 2024 the Company entered into a tri-party Deed of Assignment, Assumption and Variation with M8 Holdings Limited and Patina Metals Pty Ltd, a director of related entity, which assigned to Patina Metals Pty Ltd (Patina) all of M8 Holdings Limited future rights and obligations relating to the convertible notes held by M8 Holdings Limited at that date with the face value of \$7,048,433, together with Capitalised Interest. On 11 November 2024, Patina provided the Company with notification that it will seek to convert all of its Convertible Notes at the Company's next Annual General meeting. Conversion of the Convertible Notes will be subject to shareholder approval.

Directors anticipate re-capitalising the Company through both debt and equity raisings and are endeavoring to have the securities of the Company back trading on the ASX by February 2025. The company has advised the ASX of its intention of raising \$3,500,000 in February 2025 of which \$1,500,000 will be applied towards repayments of loans and creditors, and \$2,000,000 for use as working capital. Directors also anticipate the conversion to shares of the debt payable under the Convertible Notes as part of the company's recapitalisation plans. If successful, directors anticipate the ability for the Company, in the longer term, to be able to meet its debts as and when they fall due and payable.

M8 SUSTAINABLE LIMITED

Notes to the Financial Statements For the Half-Year Ended 31 December 2023

Note 2. Basis of Preparation and Material Accounting Policy Information (continued)

b) Basis of preparation (continued)

(ii) Going concern (continued)

Whilst Directors anticipate having, in the immediate short term, sufficient funding available to enable the Company to settle creditors arising from its current day to day activities, the Company does not currently hold the funds necessary to settle the liabilities noted above.

Accordingly, the above matters give rise to a material uncertainty with respect to the Company's ability to continue as a going concern and therefore its ability to realise its assets and settle its liabilities in the ordinary course of business and at the amounts set out in the financial statements.

Note 3	Revenue	31 December 2023 \$	31 December 2022 \$
	Operations and maintenance ("O&M") service fee	-	150,000
	Construction and demolition ("C&D") waste revenue	200,856	138,167
	Commercial and industrial ("C&I") waste revenue	18,491	214,997
	Steel recycling revenue	21,995	10,696
	Skip bin revenue	-	288,314
	Equipment hire income	47,500	181,818
	Total revenue	288,842	983,992

M8 Sustainable receives gate fees for C&D materials as well as C&I materials. Revenue is recognised at the point in time when the weighing and acceptance has been completed.

O&M service fee revenue relates to waste management services provided to a related party. Revenue is recognised over time.

M8 SUSTAINABLE LIMITED

Notes to the Financial Statements For the Half-Year Ended 31 December 2023

		31 December 2023 \$	31 December 2022 \$
Note 3	Revenue (continued)		
	Other income		
	Interest received	-	42,561
	Gain on asset sales	237,609	-
	Gain on termination/modification of leases	3,531,382	-
	Gain on modification of convertible notes	187,781	-
	Other revenue	-	729,000
	Reversal of impairment of receivables	300,000	-
		4,256,772	771,561
		31 December 2023 \$	31 December 2022 \$
Note 4	Employee benefits, salaries and wages		
	Wages and salaries expenses	(115,150)	(893,032)
	Labour contracting	-	(256,907)
	Consulting	(90,351)	-
	Share-based payment expenses	-	(41,509)
		(205,501)	(1,191,448)
		31 December 2023 \$	31 December 2022 \$
Note 5	Recycling, waste disposal and other site costs		
	Waste disposal costs	(119,550)	(104,701)
	Recycled steel purchases	-	(92,063)
	Power, fuel and oil	(4,208)	(122,109)
	Equipment hire	(90,304)	(102,302)
	Repairs, maintenance and consumables	(20,797)	(116,090)
	Other	(2,860)	(17,125)
		(237,719)	(554,390)

M8 SUSTAINABLE LIMITED

Notes to the Financial Statements For the Half-Year Ended 31 December 2023

		31 December 2023 \$	Restated* 31 December 2022 \$
Note 6	Other expenses		
	Marketing related costs	(10,549)	(29,591)
	Office expenses	(43,764)	(38,957)
	IT costs	(70,080)	(78,512)
	Secretarial, legal and business expenses	(81,936)	(114,780)
	Motor vehicle related expenses	(14,054)	(25,638)
	Capital raising expenses	-	(9,373)
	Other expenses	-	-
		(220,383)	(296,851)
Restated for discontinued operation – refer Note 15			
Note 7	Earnings per share		
The following table reflects the data used in the calculation of the basic and diluted earnings/(loss) per share:			
		2023 Number	2022 Number
	Weighted average number of ordinary shares used in the calculation of basic earnings / (loss) per share	548,638,191	511,759,335
	Weighted average number of ordinary shares used in the calculation of diluted earnings / (loss) per share	548,638,191	511,759,335
		\$	\$
	Continuing and Discontinued Operations		
	Net profit / (loss) attributable to ordinary holdings of the Company	2,689,747	(1,414,264)
	Basis and diluted earnings/(loss) per share (cents)	0.49	(0.30)
	Continuing Operations		
	Net profit / (loss) attributable to ordinary holdings of the Company	2,689,747	(1,382,537)
	Basis and diluted earnings/(loss) per share (cents)	0.49	(0.27)
Note 8	Cash and cash equivalents		
	Cash on hand and at bank	1,906	25,748

M8 SUSTAINABLE LIMITED

Notes to the Financial Statements For the Half-Year Ended 31 December 2023

		31 December 2023 \$	30 June 2023 \$
Note 9	Trade and other receivables		
	Trade receivables (i)	215,658	314,083
		215,658	314,083
	Allowance for expected credit losses	-	-
		215,658	314,083

(i) Trade receivables are non-interest bearing and generally on 30 to 90 day terms. As at the reporting date, \$Nil was provided as an allowance for doubtful debts.

		31 December 2023 \$	30 June 2023 \$
Note 10	Trade and other payables		
	Trade payables	312,965	-
	Trade payables to SBANG Australia Pty Ltd	942,551	942,551
	Accrued and other payables	486,517	472,138
		1,742,033	1,414,689

M8 SUSTAINABLE LIMITED

Notes to the Financial Statements For the Half-Year Ended 31 December 2023

		31 December 2023 \$	30 June 2023 \$
Note 11	Borrowings		
	Premium funding of insurance (i)	159,910	-
	M8 Holding Ltd (Thailand) (ii)	420,993	620,807
	Convertible Notes (including Capitalised Interest) – M8 Holding Ltd (iii)	7,219,828	6,254,761
		<u>7,800,731</u>	<u>6,875,568</u>
	Less: Non-current portion	(7,219,828)	(4,639,132)
	Current portion	<u>580,903</u>	<u>2,236,436</u>

(i) In November 2023, the company entered into an insurance premium funding agreement with Arteve with a 12 month repayment term and interest rate of 11.77%

(ii) M8 Holdings continues to support the company with working capital and has provided the company with additional working capital loans during half year ended 31 December 2023 which are on call and non-interest bearing.

(iii) In September 2019, the Company entered loan facility agreement (“the Facility”) with M8 Holding Limited (“M8H”), pursuant to which M8H has agreed to lend up to \$4 million to the Company. On 29 October 2021, the Company issued a letter to M8H seeking to draw down on the Facility. The funds are to be utilised for current capital projects and to meet working capital requirements. Key terms of the Facility are as follows:

Loan Amount: \$4,000,000
Interest Rate: 10% per annum
Term: 24 months after the first advance is made or such other date as agreed between the parties
Security: security interest over all of the present and future property and assets of the Company and its controlled entity, Fernview Environmental Pty Ltd which was approved by the Company’s shareholders at the annual general meeting held in June 2020. As a consequence of the Company entering into a loan facility with the Remagen, M8H has agreed to take second ranking security for the Facility.

(iii) 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 \$10 million convertible note facility was with M8H, was subsequently adjusted by reducing the loan facility to \$5.5 million. This facility was fully drawn down as at 31 December 2022 and 31st December 2023. The maturity date of these notes is 15 August 2025.

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 with a maturity date of 22 December 2023. This facility was drawn down by \$540,433 as at 31 December 2022 and a further draw down of \$1,008,000 occurred in January 2023. On or before 22 December 2023, the maturity date of this convertible note facility was modified to 31 March 2025.

Refer also Note 2, for further details on convertible notes.

31 December 2023 \$	30 June 2023 \$
------------------------------------	--------------------------------

M8 SUSTAINABLE LIMITED

Notes to the Financial Statements For the Half-Year Ended 31 December 2023

Note 12	Lease liabilities		
	As at 1 July	6,909,878	8,694,963
	Additions	-	-
	Accretion of interest	183,125	789,513
	Repayment of principal portion of lease liabilities	(152,920)	(683,086)
	Repayment of interest portion of lease liabilities	(256,786)	(789,513)
	Reversal of expired lease liabilities	(3,531,383)	(1,101,999)
	Ending balance	3,151,914	6,909,878
	Current	334,369	314,353
	Non-current	2,817,545	6,595,525
	Ending balance	3,151,914	6,909,878
		31 December 2023	30 June 2023
		\$	\$
Note 13	Provisions		
	Current		
	Employee provisions	56,875	155,640
	Non-current		
	Make good provision	73,661	-
Note 14	Issued capital		
	(a) Issued and paid-up capital	Number	Number
	Issued and fully paid ordinary shares	548,638,191	548,638,191
		31 December 2023	30 June 2023
	(b) Movement in ordinary shares	\$	\$
	Balance at 1 July	47,013,006	46,513,006
	Issuance – through placement	-	500,000
	Ending balance	47,013,006	47,013,006
Note 14	Issued capital (continued)		

M8 SUSTAINABLE LIMITED

Notes to the Financial Statements For the Half-Year Ended 31 December 2023

(b) Movement in ordinary shares	Number	Number
Balance at 1 July	548,638,191	477,209,670
Issued to Adroit Capital Group ESG Pty Ltd	-	71,428,521
Ending balance	548,638,191	548,638,191

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

Note 15	Discontinued Operations	31 December 2023 \$	30 June 2023 \$
	Secretarial, legal and business expenses	-	(31,958)
	Net finance costs	-	686
		-	(31,272)
	Cash flows (used in) discontinued operations		
	Net cash (used in) operating activities	-	31,272

On 10 February 2023, the securities of the company were suspended from quotation on the ASX and on 13 February 2023, McGrathNicol Restructuring was appointed as Voluntary Administrators of the company. On the 14 February 2023, McGrathNicol Restructuring was also appointed as Voluntary Administrators of the company's wholly owned subsidiary, Fernview Environment Pty Ltd. In connection with the appointment of Voluntary Administrators, McGrathNicol undertook an assessment of the company and its business and assets and explored options for the sale and/or recapitalisation of the company.

The loss of control of Fernview Environment Pty Ltd and resulting deconsolidation of that entity gave rise to a discontinued operation.

Note 16 **Related party transactions**

In addition to the arrangements set out in Note 11, the following related party transactions occurred during the period:

- i) Star Shenton Energy Pty Ltd (SSE)– the company acquired an asset from SSE during the financial and the acquisition was offset with amount owing from SSE of \$272,727. The assets is currently being held as collateral under the new lease agreement.

Note 17 **Commitments and Contingent liabilities**

Guarantees

M8 SUSTAINABLE LIMITED

Notes to the Financial Statements For the Half-Year Ended 31 December 2023

The company has provided the following bank guarantees at 31 December 2023:

- The landlord of the Maddington facility pursuant to the lease agreement for \$406,500 (2022: \$406,500); and
- As per the DOCA an (\$100,000) indemnity to Jon Horwath, paid on the 6 June 2023 and to be released 12 months after settlement

The Company does not have any other contingent liabilities as at balance sheet date and none have arisen since balance sheet date to the date of signing the Directors' Report.

Note 18 Operating segments

The company has identified its operating segments based on the internal reports that are reviewed and used by the managing director (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Operating segments outlined below are identified based on the nature of the operations. The executive management team consider the business strategically and operationally from a service perspective and have identified the three reportable segments:

The company has the following operating segments:

- Waste Management and Recycling
- Operations and Maintenance (O&M)

Management monitors the performance of the operating results of the segments separately for the purpose of making decisions about resource allocation and performance assessment. Their performance is measured in accordance with the Company's accounting policies.

Types of services by reportable segments

(i) Waste Management and Recycling

The Waste Management segment involves resource recovery from C&D waste and C&I waste. C&D waste includes waste from demolition and civil construction activities, including roads and buildings. C&I waste includes waste from industries such as manufacturing and retail as well as wholesale businesses.

(ii) Operations and Maintenance

The O&M segment primarily involves providing technical, business and other ancillary support to companies in the waste industry.

	Waste Management and Recycling	Operations and Maintenance	Total operating segments
Half-Year ended 31 December 2023			
Revenue from external Customers	288,842	-	288,842
Half-Year ended 31 December 2022			
Revenue from external	833,992	150,000	983,992

Notes to the Financial Statements
For the Half-Year Ended 31 December 2023

Note 18 Financial assets and liabilities

Note 19 **Events after the reporting period**

- End of the Report -