



APPENDIX 4E

Lodged with ASX under Listing Rule 4.3A

Company Details

Name of reporting entity:	M8 Sustainable Limited
ACN:	620 758 358
Current reporting period:	1 July 2023 to 30 June 2024 (FY24)
Prior corresponding period (PCP):	1 July 2022 to 30 June 2023 (FY23)

Results for announcement to the market

	FY 24 \$'000	FY 23 \$'000	CHANGE %
Revenue from ordinary activities (continuing activities)	479	1,411	(66)
Loss from ordinary activities after tax	1,802	(19,436)	-
Loss for the period attributable to members of M8 Sustainable Limited	1,802	(19,436)	-

Dividends

No dividend was paid during FY24 (FY23: Nil).
No dividend has been proposed or declared since the end of FY24.

Net tangible assets

The net tangible asset¹ backing per ordinary share at 30 June 2024 was (\$0.023) (FY23: (\$0.021)).

Other

Items 3 through 14 of Appendix 4E can be found in the attached Financial Statements.

M8 Sustainable Limited
ACN 620 758 358

FINANCIAL STATEMENTS

For the year ended 30 June 2024

M8 SUSTAINABLE LIMITED

CORPORATE DIRECTORY

Directors

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

Company Secretary

Winton Willesee (appointed 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
AND ITS CONTROLLED ENTITY**

C O N T E N T S

	<u>Page</u>
Directors' Report	3
Directors' Declaration	17
Independent Auditor's Report	18
Auditor's Independence Declaration	22
Statement of Profit or Loss and Other Comprehensive Income	23
Statement of Financial Position	24
Statement of Changes In Equity	25
Statement of Cash Flows	26
Notes to the Financial Statements	28

M8 SUSTAINABLE LIMITED

DIRECTORS' REPORT

The Directors present their report together with the financial report for M8 Sustainable Limited (the Company) and its controlled entity (the company) for the year ended 30 June 2024.

1. DIRECTORS

Information on Directors

The directors of the Company who were in office for the whole of the financial year and up to the date of this report, unless otherwise indicated, were:

Name, qualifications, independence status and special responsibilities	Experience and other directorships
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Saithsiri Saksitthisereekul	Mr Saksitthisereekul was appointed as a director of the Company on 24 October 2018. He holds an Executive Master of Business Administration from the National Institute of Development Administration (NIDA) and with 11 years in the renewable energy sector is the CEO of M8 Holding Limited (M8H), formerly SBANG Sustainable Energies Limited. M8H is an integrated renewable energy company based in Thailand. Its core business is to build, own and/or operate waste-to-energy and biomass power plants in Thailand.
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Mr Saksitthisereekul held the following other listed company directorships during the past 4 financial years;

Clover Power Public Company Limited (BKK: CV) – 2 September 2021 to current

Tomasz Jacek Rudas	Mr Rudas was appointed as a director of the Company on 15 August 2017. He has over 20 years of professional experience in the waste management industry during which he has gained extensive experience in many facets of waste management operations and business activities. His experience gained from working in the private sector for both small and large waste management organizations, as well as the local government in Perth, has given Mr Rudas a unique perspective of the commercial dynamics and opportunities in the waste management market.
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He was also the founder and managing director of a public waste technology company AnaeCo Limited which under his leadership raised over \$100M in equity and infrastructure funding and was successfully listed on the ASX in 2007. He ceased to be a director of AnaeCo Limited in 2011.

Mr Rudas was the Winner of the 2009 Ernst & Young Entrepreneur of the Year – Western Division in the Cleantech Category.

Mr Rudas held no other listed company directorships during the past 4 financial years.

Damien Flugge	Mr Flugge was a foundation director of the Company with Mr Rudas. He has been with the Company for the past 5 years in the capacity as General Manager.
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Mr. Flugge has an extensive and diverse business and operational background, which spans over 16 years. From early involvement in the family farming operations, to development, management and ownership of various hospitality ventures in Australia. He has also established and led the development and operation of a popular food chain, designed for franchising, successfully operating on the east coast of Australia.

M8 SUSTAINABLE LIMITED

DIRECTORS' REPORT

Directors' Interests in Securities of the Company

As at the date of this report, particulars of the relevant interest of each director in the securities of the Company are as follows:

Director	Number of Ordinary Shares
S Saksitthisereekul (1)	166,430,076
T Rudas (2)	2,000,002
D Flugge (3)	2,000,001

- (1) These shares are held by M8 Holding Limited (formerly named SBANG Sustainable Energies Limited) (M8H). Mr. Saksitthisereekul is a director of M8H and holds 30.34% of the issued capital of M8H
- (2) Comprising 1 share each held by Mr. Rudas and Jane Rudas, the spouse of Mr. Rudas and 2,000,000 shares held by Krystyna Rudas, the mother of Mr. Rudas.
- (3) Comprising of 1 share held by Felicianna Flugge, the spouse of Mr. Flugge and 2,000,000 shares held by Mr. Flugge.

During the 2023/24 financial year and as the date of this report no director has declared any interest in a contract or proposed contract with the Company, the nature of which would be required to be reported in accordance with subsection 300(11)(d) of the Corporations Act 2001.

Directors' Meetings

The following table sets out the number of meetings of the Company's board of directors and sub-committees held during the financial year ended 30 June 2024 and the number of meetings attended by each director:

Director	Board of Directors			Audit & Risk Committee		
	Held	Eligible to Attend	Attended	Held	Eligible to Attend	Attended
S Saksitthisereekul	3	3	3	-	-	-
T Rudas	3	3	3	-	-	-
D Flugge	3	3	3	-	-	-

Note: (1) Directors may pass resolutions in writing without a formal meeting being convened. Such meetings are deemed by the Company's constitution to be meetings. The above table does not include such meetings.
 (2) The responsibilities of the Remuneration and Nomination committees is assumed by the full Board.

2. PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year was receiving and recycling of metals and commercial & industrial (C&I) waste at its Maddington Waste Facility. Since October 2023, the Company has shifted its focus at Maddington to higher margin areas, moving away from the recycling of mixed builders and mixed demolition waste component of C&D where margins were insufficient, to processing and recycling higher-value, lower-volume waste streams, with the primary objective of improving profitability. This also included metals processing activities.

3. RESULTS

	Year ended 30 June 2024	Year ended 30 June 2023
Revenue from contracts with customers	478,952	1,411,058
Profit / (Loss) before income tax	1,802,152	(19,436,252)
Income tax benefit	-	-
Profit / (Loss) the year from continuing operations	1,802,152	(9,056,984)

4. DIVIDEND PAID OR RECOMMENDED

During the financial year, the company did not declare or pay any dividends (2023: Nil).

M8 SUSTAINABLE LIMITED

DIRECTORS' REPORT

5. REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Operations

For the financial year ended 30 June 2024, the company incurred a profit after tax of \$1,802,152 (\$19,436,252 loss for the prior year). Included in the profit after tax are amounts of \$3.5 million arising on the early termination of a lease together with \$300,000 attributable to the reversal of a receivable.

However, since January 2021, in light of the challenges faced in the C&I and C&D waste sectors arising from a lack of support and compliance enforcement within the regulatory framework, the Company has shifted its focus at Maddington to higher margin areas; moving away from the recycling of mixed builders and mixed demolition waste component of C&D where margins were insufficient, to processing and recycling higher-value, lower-volume waste streams. The primary objective of this shift was to improve profitability.

The Company was working towards finalizing construction of the Gingin landfill facility, with all major site works completed in January 2023 and the lodgment of the approval documentation in order to obtain an operating License imminent.

The expectation was that Maddington would be ramped up to accept Class II waste from 3rd party customers in the waste management sector and internally, the capacity of Access Waste skip bin business would be also increased to drive additional waste volume through Maddington and on to Gingin landfill, leading to improved profitability for the company.

However, the appointment of the Voluntary Administrator halted most activities, including the approval of the Gingin landfill as well as Access Waste operations, with waste activities at Maddington severely limited during the Administration process.

Corporate

Board Changes

There have been no Board changes

6. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will also turn its focus to metals recycling as well as more specialised recycling sectors, such as tire recycling, rather than C&D, which continues to suffer from a lack of compliance enforcement in the Perth market.

The successful demonstration of the iHUB logistics platform through Access waste in FY23, has provided the iHUB Technologies (50% owned by M8S) with a product that can be marketed and rolled out to skip bin and other waste businesses nationally and internationally. The Company will work with iHUB Technologies to promote the logistics platform it has developed to make it an industry standard in the waste management sector.

7. EARNINGS PER SHARE

Basic profit per share for the year ended 30 June 2024 was 0.8 cents. This compares to a basic loss of 3.7 cents per share for the previous year.

8. SIGNIFICANT CHANGES IN THE COMPANY'S AFFAIRS

All significant changes in the state of affairs of the company during the financial year are discussed as detailed above under Corporate and below under Events Subsequent to Reporting Date sections of the Directors' Report.

9. EVENTS SUBSEQUENT TO REPORTING DATE

Other than the results set out in Note 2 and Note 30, no material transactions have occurred since 30 June 2024 and the date of the approval of the financial statements.

M8 SUSTAINABLE LIMITED

DIRECTORS' REPORT

10. REMUNERATION REPORT – Audited

The Remuneration Report contains the following sections:

- 10.1 Directors and Executive Key Management Personnel (KMPs) Covered in this Report
- 10.2 Remuneration Governance
- 10.3 Overview of Company Performance
- 10.4 Executive Remuneration Strategy and Framework
- 10.5 FY24 Performance Incentive Outcomes for Executives
- 10.6 FY24 and FY23 Executive Remuneration Paid and Accrued
- 10.7 Service Contracts – Executives
- 10.8 Non-Executive Directors' Remuneration
- 10.9 Other – KMP Disclosures

10.1 Directors and Executive KMPs Covered in this Report

KMPs are the persons who have authority and responsibility for planning, directing and controlling the activities of the Company and the company. The following were KMPs of the company at any time during the reporting period and unless otherwise indicated were KMPs for the entire period:

Name	Position
Directors	
Saithsiri Saksitthisereekul	Non-Executive Chairman
Tomasz Rudas	Managing Director (MD)
Damien Flugge	Non-Executive Director
Other executive KMPs	
Vijay Joshi (resigned 25 August 2023)	Chief Financial Officer (CFO)

10.2 Remuneration Governance

In June 2020, the Company established a separate Remuneration Committee with a formal charter. However, following the resignations of Messrs McKinnon and Allen in October 2020 it was determined that the role and responsibilities of the Remuneration Committee be fulfilled by the full Board in light of the relatively small size of the board and the number of independent directors.

The formal charter that was established for the Remuneration Committee still provides the guiding principles for determining remuneration matters.

The Corporate Governance Plan and the Remuneration Committee Charter can be viewed on the company's website www.m8sustainable.com.au under the tab – Investors, Corporate Governance.

10.3 Overview of Company Performance

The table below sets out information about the company's earnings and movements in share price since listing on the ASX and includes the current financial year.

	2024	2023	2022	2021
Profit / (Loss) after income tax (\$)	1,802,152	(19,436,252)	(11,371,650)	(10,464,942)
Share price at financial year end (\$)	N/A	N/A	0.007	0.02

On the 8th February 2023, M8 Sustainable entered into trading halt due to the imminent appointment of voluntary administrators. As at 30 June 2024, the company has not resumed trading on the ASX.

10.4 Executive Remuneration Strategy and Framework

The objective of the Company's executive remuneration framework is to ensure that remuneration for performance is competitive and appropriate for the results delivered. The framework aligns executive remuneration with achievement of strategic objectives and the creation of value for shareholders and conforms to market practice for delivery of reward.

The Board ensures that executive remuneration satisfies the following key criteria for good reward governance practices:

M8 SUSTAINABLE LIMITED DIRECTORS' REPORT

- competitive and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Company is still in the process of developing a more comprehensive remuneration framework that will be market competitive and complementary to the reward strategy of the organisation. In doing so, it will reference to the company performance that will encourage long-term growth.

The proposed framework will provide a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority within the company, the balance of this mix will shift to a higher proportion of 'at risk' rewards.

In the prior period, executive remuneration contained a Performance Incentive Remuneration (PIR) element which comprised Performance Rights that were issued by the Company on 4 December 2019. During the reporting period, the balance of Performance Rights were forfeited as the requisite benchmarks were not achieved within the stipulated time frame (refer to section 10.10). Currently the Company does not have any PIR element within executive remuneration.

The Company's remuneration policy is to position FAR at the 50th percentile of the market data and a benchmarking review is planned for FY24 to ensure the KMPs are appropriately remunerated.

10.5 FY24 Performance Incentive Outcomes for Executives

No KMPs held any Performance Rights for the financial year ended 30 June 2024.

M8 SUSTAINABLE LIMITED

DIRECTORS' REPORT

10.6 FY24 and FY23 Executive Remuneration Paid and Accrued

Details of Executive Remuneration for the year ended 30 June 2024 and 2023 are set out below:

		Short-term Benefits			Post-employment benefits	Long-term benefits	Share-based payment	Performance related benefit	
		Salary and fees	Bonus	Non-monetary benefits ¹	Super-annuation ²	Leave ³	Performance Rights ⁴	Total	
		\$	\$	\$	\$	\$	\$	\$	%
Executive Director									
Tomasz Rudas – Managing Director	2024	174,333	-	-	13,567	8,802	-	196,702	-
	2023	276,442	-	-	29,038	19,231	-	324,711	-
Other Executive KMP									
Vijay Joshi – Chief Financial Officer (resigned 25 August 2023)	2024	35,705	-	-	-	178	-	35,882	-
	2023	221,154	-	-	23,231	15,385	-	259,769	-
Total	2024	210,038	-	-	13,567	8,980	-	232,585	
	2023	497,596	-	-	52,269	34,615	-	584,481	

¹ Other and non-monetary benefits include fringe benefits tax relating to fully maintained Company motor vehicles.

² Superannuation includes the values paid and accrued relating to salary.

³ Represents the value of leave earned during the year.

Note:

- (a) premiums in respect of the Directors and Officers insurance policy are not included above, as the policy does not specify the premium paid in respect of individual Directors and Officers

M8 SUSTAINABLE LIMITED DIRECTORS' REPORT

10.7 Service Contracts – Executives

Remuneration and other forms of employment for the MD are formalised in service contracts. Each of these contracts also provides for performance related incentives and other benefits. Other major provisions of the contracts relating to remuneration are set out below.

All contracts with Executives may be terminated without cause early by either party providing notice, subject to termination payments detailed below:

Name	Contract Term	Employee notice period	Employer notice period	Base salary	Termination benefit
Tomasz Rudas	2 years ¹	N/A	3 months	\$185,000	\$51,569

¹ This contracts commenced on 6 November 2023 for a term of 2 years and may be extended by the Company for a further 2 years by giving notice at any time during a 2-year period prior to the expiry of the initial 2-year term.

For the year ended 30 June 2024, all remuneration was fixed (100%) with no linkage to performance (Nil%) for Mr. Rudas. No cash bonus was paid or forfeited for the year ended 30 June 2024.

10.8 Non-Executive Directors' Remuneration

On appointment to the Board, all Non-Executive Directors enter into a service contract with the company in the form of a letter of appointment. The contract summarises the Board's policies and terms, including compensation relevant to the Director.

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board.

The Company's remuneration policy is to position annual remuneration at the 50th percentile of the market data.

For the year ended 30 June 2024, fees, which include committee fees (if any) and superannuation contributions required under the Australian superannuation guarantee legislation, were as follows:

- \$56,250 per annum for the Non-Executive Chairman; and Non-Executive Directors, except for:
 - Mr. Flugge who is not paid for his role as Non-Executive Directors after his Executive role was terminated on February 14, 2023, following the appointment of the Voluntary Administrator.

Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$500,000 per annum and was approved by shareholders at a General Meeting held on 26 November 2019.

M8 SUSTAINABLE LIMITED DIRECTORS' REPORT

10.9 Non-Executive Directors' Remuneration (continued)

Details of Non-Executive Directors' remuneration for the years ended 30 June 2024 and 2023 are set out below:

		Short-term benefits		Post-employment benefits	Share-based payments		Performance related benefit
		Fees	Consultancy Fees	Super-Annua-Tion ¹	Rights	Shares	Total
		\$	\$	\$	\$		\$ %
Non-Executive Directors							
Saithsiri Saksitthisereekul	2024	56,250	-	-	-	-	56,250 -
	2023	59,856	-	-	-	-	59,856 -
Mark Puzey – Chairman (resigned 2 December 2022)	2024	-	-	-	-	-	- -
	2023	81,294	-	8,536	-	-	89,830 -
Damien Flugge (appointed 14 December 2022)	2024	-	-	-	-	-	- -
	2023	156,465	-	16,426	-	-	172,891 -
Rodney Illingworth (appointed 19 October 2022, resigned 1 June 2023)	2024	-	-	-	-	-	- -
	2023	20,923	-	2,197	-	-	23,120 -
Total	2024	56,250	-	-	-	-	56,250
	2023	318,537	-	27,159	-	-	345,696

¹ Superannuation contributions are made on behalf of Non-Executive Directors to satisfy the company's obligations under applicable superannuation guarantee legislation. Directors' fees are inclusive of superannuation contributions.

M8 SUSTAINABLE LIMITED

DIRECTORS' REPORT

10.10 Other – KMP Disclosures

KMP – Shareholdings

The movement during the financial year ended 30 June 2024 in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

Name	Held at 1 July 2023	Purchases ²	Rights Issue Take Up	Sales/ Trans- ferred	Allotment	Held at Resignatio n/ Retirement	Held at 30 June 2024
Saithsiri Saksitthisereekul ¹	166,430,076	-	-	-	-	-	166,430,076
Tomasz Rudas	2,000,002	-	-	-	-	-	2,000,002
Damien Flugge (appointed 14 December 2022)	2,000,001	-	-	-	-	-	2,000,001
Vijay Joshi (resigned 25 August 2023)	2,248,000	-	-	-	-	(2,248,000)	2,248,000

¹ Mr. Saksitthisereekul is the managing director and a shareholder of M8 Holdings Limited which holds 166,430,076 ordinary shares in the Company.

KMP – Option Holdings

No KMPs held any options for the financial year ended 30 June 2024.

KMP – Other transactions with Key Management Personnel and other related parties

M8 Holdings Limited, a director related entity of S Saksitthisereekul, holds convertible notes with face values totaling \$7,048,433, together with Capitalised Interest of \$1,597,752. During the year, a coupon interest of \$695,838 accrued on these notes.

In addition, M8 Holding Limited has provided loans on interest free to the Company with a balance at 30 June 2024 of \$424,679.

Fernview Environment Pty Ltd, a director related entity of S Saksitthisereekul, has provided loans to the Company amounting to \$75,830 as at 30 June 2024.

Patina Metals Pty Ltd, a director related entity of D Flugge, has provided loans to the Company amounting to \$352,000 as at 30 June 2024.

Loans to KMPs

No KMP was provided with a loan by the Company for the year ended 30 June 2024 or 30 June 2023.

End of the Remuneration Report – Audited

M8 SUSTAINABLE LIMITED DIRECTORS' REPORT

11. ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The company's operations are subject to environmental regulations under Western Australian law. The company has procedures in place to ensure regulations are adhered to. As at the date of this report the company is not aware of any breaches in relation to environmental matters.

12. PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the company nor has any application been made in respect of the company under Section 236 of the Corporations Act 2001.

13. SHARES OPTIONS

As at the date of this report, the Company has no share options on issue.

14. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has indemnified all directors of the Company to the maximum extent of the law for liabilities and costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

15. CORPORATE GOVERNANCE

The Statement of Corporate Governance Practices is disclosed on the Company's website <https://m8sustainable.com.au/> under the tab Investors – Corporate Governance.

16. COMPANY SECRETARY

Mr. Willesee is an experienced company director with over 25 years' experience in the capital markets having held chairmanships, directorships and company secretarial positions with a number of listed and other companies over many years. Mr. Willesee is currently a Non-Executive Director of One Click Group Limited, Nanollose Limited and Metals One PLC, and Chairman of Citius Resources PLC.

17. AUDITOR'S INDEMNIFICATION

To the extent permitted by law, the Company has agreed to indemnify its auditors, RSM Australia Partners, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify RSM Australia during or since the financial year.

M8 SUSTAINABLE LIMITED DIRECTORS' REPORT

18. NON-AUDIT SERVICES

Details of the amounts paid or payable to the external auditor of the company, RSM Australia Partners, for audit and non-audit services provided during the year are disclosed in Note 25 to the Financial Statements.

No non-audit services were provide by RSM Australia Partners to the Company during FY2024.

19. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 23 of this financial report.

Signed in accordance with a resolution of the Directors.



Tomasz Rudas
Managing 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 standards and giving a true and fair view of the financial position of the company as at 30 June 2024 and performance of the company for the financial year ended 30 June 2024;
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; and
3. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a)(i).

This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.

This declaration is made in accordance with a resolution of the Directors.



Tomasz Rudas
Managing Director

Dated this 24th day of December 2024

Perth
Western Australia

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

Qualified Opinion

We have audited the financial report of M8 Sustainable Limited (the Company) which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of M8 Sustainable Limited is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Qualified Opinion

During the year ended 30 June 2023, the Company was placed in Voluntary Administration on 13 February 2023. Control and management of the company was returned to Directors on 6 June 2023. The Company's accounting and statutory records were not maintained by Directors or management during the period of administration and Directors were unable to adequately reconstruct the accounting and statutory records in a manner sufficient to permit us to perform our necessary audit procedures. As a consequence, we were unable to obtain all the information and explanations we required in order to obtain sufficient appropriate audit evidence on the accuracy and classifications of revenue and expense items (including employee benefits, salaries and wages) reported in the statement of profit or loss and other comprehensive income and statement of cash flows for the year ended 30 June 2023. Consequently, we were unable to determine whether any adjustments to these amounts were necessary, and our audit opinion on the financial report for the period ended 30 June 2023 was modified accordingly. Our opinion on the current period's financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2, which indicates that as at 30 June 2024, the Company's had net current liabilities of \$4,418,205. 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 opinion is not further modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the Basis for Qualified Opinion section, and the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a key audit matter to be communicated in our report.

For personal use only



Key Audit Matter	How our audit addressed this matter
Accounting for Convertible notes Refer to Note 19 in the financial statements	
The Company holds Convertible Notes with a related party, M8 Holdings Ltd, with face values totalling \$7,048,433. As at 30 June 2024, the Convertible Notes are recorded on an amortised cost basis including Capitalised Interest payable of \$1,597,752. The Convertible Notes were analysed by management on their inception dates and found to contained embedded equity conversion features which has been recorded directly in the Convertible Note Reserve, totalling \$793,672. During the year, certain of these convertibles notes with face values total \$1,548,433 were modified to extend their maturity dates. The measurement and classification of convertible notes is considered a key audit matter due to the materiality of the balance and the complexity of the accounting treatment required under Australian Accounting Standards.	Our audit procedures included: - Assessing the Company's accounting policy for compliance with Australian Accounting Standards; - Assessing management's assessment that the modification of the convertible notes with a face of \$1,548,433 represents a significant change in their underlying cash flows; - With respect to the modified convertible notes, we assessed the accuracy of management's remeasurement of their fair value at amortised cost at the date of modification, including challenging the reasonableness of key inputs used by management to determine their fair value and checking the gain on modification recorded in the profit and loss at the date of modification; and - Checking the mathematical accuracy of the remeasurement at year-end of the convertible note debt component measured at amortised cost using the effective interest rate method; - Re-calculating the Capitalised Interest payable on the Convertible Notes at 30 June 2024; - Comparing the face value and Capitalised Interest payable amounts at 30 June 2024 to a confirmation obtained from M8 Holdings Ltd; and - Assessing the appropriateness of the disclosures in financial report.



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2024 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in section 10 of the directors' report for the year ended 30 June 2024.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the Remuneration Report of M8 Sustainable Limited, for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

Basis for Qualified Opinion

During the year ended 30 June 2023, the Company was placed in Voluntary Administration on 13 February 2023. Control and management of the Company was returned to Directors on 6 June 2023. The Company's accounting and statutory records were not maintained by Directors or management during the period of administration and Directors were unable to adequately reconstruct the accounting and statutory records in a manner sufficient to permit us to perform our necessary audit procedures. As a consequence, we were unable to obtain all the information and explanations we required in order to obtain sufficient appropriate audit evidence to enable us to provide an opinion on the Remuneration Report for the year ended 30 June 2023. Consequently, we provided a Disclaimer of Opinion on the Remuneration Report for the period ended 30 June 2023. Our opinion on the current period's Remuneration Report is modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of M8 Sustainable Limited for the year ended 30 June 2024, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read "RSM".

RSM AUSTRALIA

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

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 24 December 2024

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M8 SUSTAINABLE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Continuing Operations			
Revenue from contracts with customers	3	478,952	1,411,058
Interest income		-	57,609
Other income	3	4,256,771	17,241,065
Total income		4,735,723	18,709,732
Employee benefits, salaries and wages	4	(418,612)	(1,782,508)
Recycling, waste disposal and other site costs	5	(329,587)	(747,836)
Rental outgoings and license fees		(108,174)	(260,780)
Insurance costs		(222,691)	(553,888)
Professional fees		(1,780)	(1,309,633)
Other expenses	6	(302,317)	(1,334,113)
Finance costs	7	(1,550,410)	(3,387,662)
Share in loss of joint venture		-	(97,764)
Impairment of assets	8	-	(178,564)
Profit/(Loss) before income tax		1,802,152	9,056,984
Income tax benefit	9	-	-
Profit/(Loss) after income tax		1,802,152	9,056,984
Discontinued Operations			
Profit/(Loss) after tax for the year from discontinued operations	10	-	(28,493,236)
Other comprehensive income		-	-
Total comprehensive Profit/(Loss) for the year		1,802,152	(19,436,252)
Continuing and Discontinued Operations			
Earnings/(Loss) per share attributable to ordinary equity holders (cents)			
Basic and diluted earnings/(loss) per share	11	0.30	(3.70)
Continuing Operations			
Earnings/(Loss) per share attributable to ordinary equity holders (cents)			
Basic and diluted earnings per share	11	0.30	1.70

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

M8 SUSTAINABLE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	30 June 2024 \$	30 June 2023 \$
CURRENT ASSETS			
Cash and cash equivalents	12	-	25,748
Trade and other receivables	13	182,827	314,083
Prepayments		51,426	119,839
Total Current Assets		234,253	459,670
NON-CURRENT ASSETS			
Investment in joint venture	14	-	-
Property, plant and equipment	15	272,727	-
Other non-current assets	16	506,500	506,500
Total Non-current Assets		779,227	506,500
TOTAL ASSETS		1,013,480	966,170
CURRENT LIABILITIES			
Cash and cash equivalents	12	13,378	-
Trade and other payables	18	1,788,552	1,414,689
Borrowings	19	2,421,215	2,236,436
Lease liabilities	20	353,025	314,353
Provisions	21	76,288	155,640
Total Current Liabilities		4,652,458	4,121,117
NON-CURRENT LIABILITIES			
Borrowings	19	6,236,885	4,639,132
Lease liabilities	20	2,636,242	6,575,526
Provisions	21	75,348	-
Total Non-current Liabilities		8,948,475	11,214,658
TOTAL LIABILITIES		13,600,933	15,355,775
NET ASSETS		(12,587,453)	(14,389,605)
EQUITY			
Share capital	22	47,013,006	47,013,006
Shared-based payment reserve	22	-	1,287,773
Convertible note valuation reserve	22	1,386,112	1,386,112
Accumulated losses		(60,986,571)	(64,076,496)
TOTAL EQUITY		(12,587,453)	(14,389,605)

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

M8 SUSTAINABLE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Issued capital \$	Share-based payment reserve \$	Convertible note valuation reserve \$	Accumulated losses \$	Total equity \$
Balance as at 1 July 2022	46,513,006	1,246,264	-	(44,640,244)	3,119,026
Loss after tax	-	-	-	(19,436,252)	(19,436,252)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(19,436,252)	(19,436,252)
Shares issued	500,000	-	-	-	500,000
Convertible Note – Equity conversion feature	-	-	1,386,112	-	1,386,112
Share options	-	41,509	-	-	41,509
	500,000	41,509	1,386,112	-	1,927,621
Balance as at 30 June 2023	47,013,006	1,287,773	1,386,112	(64,076,496)	(14,389,605)
Balance as at 1 July 2023	47,013,006	1,287,773	1,386,112	(64,076,496)	(14,389,605)
Loss after tax	-	-	-	1,802,152	1,802,152
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive for the year	-	-	-	1,802,152	1,802,152
Shares issued – through placement	-	-	-	-	-
Convertible notes issued	-	-	-	-	-
Transfer	-	(1,287,773)	-	1,287,773	-
	-	-	-	-	-
Balance as at 30 June 2024	47,013,006	-	1,386,112	(60,986,571)	(12,587,453)

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

M8 SUSTAINABLE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Cash flows from operating activities			
Profit/(Loss) after income tax		1,802,152	(19,436,252)
<i>Adjustment for:</i>			
Impairment of assets		-	178,564
Gain on termination/modification of Lease	3	(3,531,382)	(1,102,854)
Gain on disposal of property, plant and equipment	3	(237,609)	-
Gain on modification of convertible notes		(187,781)	-
Reversal of impairment of receivables		(300,000)	
Interest expense		1,457,126	3,387,660
Share of loss in joint venture		-	97,764
Share-based payment expense		-	41,509
Loss on deconsolidation of subsidiary		-	28,493,236
Gain on Voluntary Administration		-	(16,138,216)
<i>Changes in assets and liabilities:</i>			
(Increase)/decrease in trade and other receivables		131,256	172,925
Decrease in prepayments		68,413	150,058
(Increase) in deposits		-	(100,000)
(Decrease)/increase in trade and other payables		373,863	9,067,578
(Decrease)/increase in provisions		(4,004)	(18,073)
Net cash (used in)/provided by operating activities		(427,966)	4,793,899
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(22,750)
Proceeds from sale of fixed assets		237,609	-
Net cash provided by/(used in) investing activities		237,609	(22,750)

M8 SUSTAINABLE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Cash flows from financing activities			
Proceeds from issue of shares		-	500,000
Proceeds from M8 Holding Limited convertible note		-	7,048,433
Proceeds from short-term loans		888,849	-
Proceeds from Reforme Convertible Notes		-	2,400,000
Repayment of short-term loans		-	(48,722)
Repayment of Remagen loan		-	(12,920,849)
Repayment of principal portion of lease liabilities		(737,618)	(683,086)
Repayment of mobile plant loan		-	(652,009)
Interest paid		-	(400,763)
Net cash provided by/(used in) financing activities		151,231	(4,756,996)
Net (decrease)/increase in cash and cash equivalents		(39,126)	14,152
Cash and cash equivalents at the beginning of the year		25,748	11,596
Cash and cash equivalents at the end of the financial year	12	(13,378)	25,748

The accompanying notes form part of and should be read in conjunction with these financial statement

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 1 General Information

This financial report, which covers the financial statements of M8 Sustainable Limited ("M8S", the "Company") was authorised for issue in accordance with a resolution of the Directors on 24 December 2024

M8S is a company limited by shares, 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.

The principal activities of the company during the reporting period were receiving and recycling of metals, commercial & industrial (C&I) and construction & demolition (C&D) waste and the establishment of a skip bin business at its Maddington Waste Facility.

Note 2 Basis of Preparation and Material Accounting Policy Information

a) Basis of preparation

(i) Compliance statement

The financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standard Board and in compliance with International Financial Standards as issued by the International Accounting Standards Board ("IFRS"). The company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards. Material accounting policies adopted in the preparations of the financial statements are presented below.

The Company held an investment in Fernview Environment Pty Ltd (Fernview) until the 14th February 2023, when Voluntary Administrators were appointed to the subsidiary resulting in M8S deconsolidating Fernview. Accordingly, the Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows for the year ended 30 June 2023 are presented on a consolidated basis.

The financial statements have been prepared on a historical cost basis.

The accounting policies adopted by the company are consistent with the prior year except for the impact of adopting new and amended Accounting Standards and Interpretations which were effective from 1 July 2023 (see below).

Section 295 (3A)(a) does not apply to the Company as it does not have any controlled entities and therefore is not required by the Australian Accounting Standards to prepare consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE 2024

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

Principles of consolidation

On 14 February 2023, the Company ceased to have control of its previously wholly owned subsidiary, Fernview Environment Pty Ltd (Fernview).

The statement of financial position as at 30 June 2023 and 30 June 2024 comprises of only M8S.

(ii) Going concern

For the year ended 30 June 2024, the Company recorded a net profit before tax of \$1,802,152 (2023: \$19,436,252 Loss) and had operating and investing cash outflows of \$(190,357) (2023: \$6,067,036 outflow). 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 30 June 2024, the Company had net current liabilities of \$4,418,205 (2023: net current liabilities of \$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). The 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 the Mr. R Illingworth ceased as a director of the company.

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
 - 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 land fill facility now owned indirectly by M8 Holdings Limited through its now wholly owned subsidiary Fernview Environmental Pty Ltd.

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Basis of Preparation and Material Accounting Policy Information (continued)

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.

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.

M 8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Basis of Preparation and Material Accounting Policy Information (continued)

i. Foreign currency translation

Functional and presentation currency

The functional currency of the Company and its controlled entity is Australian dollars (A\$). This is also the company's presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date.

All exchange differences are taken to the Statement of Profit or Loss and Other Comprehensive Income.

ii. Revenue from contracts with customers

The company generates revenue from metals recycling and waste recycling activities which both operate through its facility at Maddington, Western Australia. The company also has a contract for the provision of operational and maintenance services to a related party.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at the amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The company has concluded that it is the principal in its revenue arrangements, because it controls the goods and services before transferring them to the customers.

In mid-September 2021, the Company launched Access Waste – a skip bin business which utilizes a cloud-based waste management and logistics platform.

The development and launch of Access Waste is a key component of the Company's waste strategy designed to generate waste for disposal at Gingin and support the daily operations at Maddington, whilst minimizing the Company's investment in logistics infrastructure by utilizing third party logistics providers to service the Company's customers.

Operational and maintenance services

The company's contract for rendering of operations and maintenance (O&M) services to a related party involves various activities. These activities tend to be substantially the same with the same pattern of transfer to the customer. These services are taken to be one performance obligation satisfied over the contract period.

For service contracts, where the transaction price is considered to be variable consideration, the company applies the variable consideration allocation exception to allocate variable consideration to distinct services in the services contract. The customer is typically invoiced monthly.

Maddington facility gate fee revenue

The company collects gate fees from customers when the waste is received at its Maddington facility. The company recognizes revenue at the point in time when the waste is received and accepted.

Inventory sales

The Company did not hold any inventory at the reporting date.

Waste management

Revenue from collection and disposal of waste is recognised when the performance obligation to the customer has been fulfilled, which is generally when the waste has been collected from the customer. Costs to dispose of the waste

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

are generally incurred at, or close to the time of collection.

iii. Interest income

Interest revenue is recognised as interest accrues using the effective interest method.

iv. Leases

The Company as Lessee

Right-of-use assets

The company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating a lease, if the lease term reflects the company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Company as Lessor

Short-term equipment hire

The company undertakes short-term hire of equipment and recognizes revenue from this equipment hire on a straight-line basis over the hire term.

v. Employee benefits

Wages, salaries and other short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, accumulating sick leave and other short-term

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

benefits expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Superannuation

Contributions made by the company to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

Long-term benefits

Long-term employee benefits within the company include long service leave. The liability for long-term employee benefits is recognised and measured using the projected unit credit method. The obligation is calculated using expected future increases in wage and salary rates, experience of employee departures and period of service. Expected future payments are discounted using the market yields at the reporting date on high quality corporate bonds which have maturity dates approximating the terms of the company's obligations.

vi. Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiary operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the

time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

vii. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

viii. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash on hand, deposits held at call with banks that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents are as described above.

ix. Trade and other receivables

Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with the revenue policy. Other receivables are initially measured at its fair value plus, in the case of receivables not at fair value through profit or loss, transaction costs.

Receivables at amortised cost

The company measures receivables at amortised cost where the objective is to hold the financial asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Receivables at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the receivable is derecognized, modified or impaired

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

Impairment

The company recognizes an allowance for expected credit losses (ECLs) for trade receivables and other receivables not held at fair value through profit or loss. ECLs are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows the company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the company applies a simplified approach in calculating expected credit losses and recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of default (a lifetime ECL).

The company considers a receivable to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full or uncollected after issuing a letter of demand. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

x. Investment in joint venture

The company's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the company's share of net assets of the joint venture since the acquisition date.

The statement of profit or loss reflects the company's share of the results of operations of the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the company. When necessary, adjustments are made to bring the accounting policies in line with those of the company.

xi. Property, plant and equipment

Property, plant and equipment is stated at cost less any accumulated depreciation and impairment. In the event the carrying amount of an asset is greater than its estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of fixed assets is depreciated on a straight-line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of the lease term, and the useful life of the asset which will depend on the date of capitalisation. The following depreciation rates were applied during the financial year:

- mobile plant	20% pa
- fixed plant	6% pa
- office equipment	25% pa
- motor vehicles	25% pa
- leasehold improvements	20% pa

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

The residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

xii. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables and other payables are carried at amortised cost and due to their short-term nature, they are not discounted.

xiii. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

xiv. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

xv. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of the time to prepare for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Capitalisation of borrowing costs is suspended during periods where there is no active development of a qualifying asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

xvi. Contributed equity

Ordinary shares are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Distributions on ordinary shares are recognised as a liability in the period in which they are declared.

xvii. Share-based payments

Equity-settled transactions

Where employees are granted share-based payments, the cost of equity-settled transactions is determined at the grant date using an appropriate valuation model. Further details are given in Note 24.

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

The amount recognised as an expense during the vesting period is based on the number of equity instruments expected to vest. The company revises that estimate if subsequent information indicates that the number of rights expected to vest differs from the previous estimate. On vesting date, the company revises the estimate to the number of rights that ultimately vest. After the vesting date, the company reverses the amount recognised if the rights are subsequently forfeited, or lapse.

xviii. Inventories

Inventories of recycled metals and processed road base are valued at the lower of cost and net realisable value. For recycled metals, the cost is based on the weighted average cost principle.

Cost of processed road base is based on cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

xix. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

xx. Significant accounting judgements and critical estimates

In the preparation of the financial report, management has made certain judgements and estimates that affect reported amounts of revenues, expenses, assets and liabilities.

Judgements

In applying the company's accounting policies, the following judgements were made:

Operational and maintenance services

The company's contract for rendering of operations and maintenance services to a related party involve various activities. The performance obligation is fulfilled over time as services are consumed as provided. The customer is typically invoiced monthly for a fixed management fee plus a service charge calculated as 10% of operational costs.

Lease terms for right-of-use assets and lease liabilities

The company determines the lease term as the non-cancellable term of the lease. The company has the option under some of its leases to lease the assets for additional terms of one to 5 years. The company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The company has concluded that it will exercise all extension options on its principal lease for the Maddington premises.

Estimates and assumptions

The company makes the following estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur. For the current reporting period, there was limited impact on the company due to COVID-19 as the construction industry grew, especially in Western Australia.

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

Useful life of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected useful life of the assets. Uncertainties in estimates include assessing the impact of the company's operating environment and technical and other forms of obsolescence.

Impairment of non-current assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model.

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows which are discounted using an appropriate discount rate. Estimation uncertainty relates to assumptions about the expected future cash flows from operating results, the determination of a suitable discount rate used for the DCF model and the growth rate used for extrapolation purposes (refer Note 9).

Provision for expected credit losses on trade and other short-term receivables

For trade and other short-term receivables, the company uses the simplified approach based on life time expected credit loss. The loss allowance is based on historically observed default rates and incorporates forward looking estimates. It also factors in receipts up to the date of issuing the accounts.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilised (refer Note 10). Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future profits.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option and volatility. The expense recognised also includes making estimates and judgements on the likelihood of achieving the vesting conditions. The company initially measures the fair value of options granted to employees and directors using a Black-Scholes option pricing model to determine the fair value of the liability incurred.

M 8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 3 Revenue and other income

	Year ended 30 June 2024	Year ended 30 June 2023
Revenue from contracts with customers	\$	\$
Construction and demolition (C&D) waste revenue	390,097	470,724
Commercial and industrial (C&I) waste revenue	19,360	253,519
Metals recycling revenue	21,995	37,746
Skip bin revenue	-	290,614
Total waste management and recycling	431,452	1,052,603
Operations and maintenance (O&M) service fee	-	175,000
Total revenue from contracts with customers	431,452	1,227,603
Equipment hire income	47,500	183,455
Total Revenue	478,952	1,411,058

The Company receives gate fees for C&D materials as well as C&I materials. The Company also receives revenue by selling recycled metals.

The table below provides a disaggregation of segment revenues from contracts with customers (refer Note 25):

	Waste Management and Recycling	Operations and Maintenance	Total operating segments
Year ended 30 June 2024	\$	\$	\$
Revenue from contracts with customers	478,952		478,952
Year ended 30 June 2023	\$	\$	\$
Revenue from contracts with customers	1,052,603	175,000	1,227,603

Disaggregated segment revenue includes eliminations.

	Point in time	Over time	Total
Year ended 30 June 2024	\$	\$	\$
Revenue from contracts with customers	478,952	-	431,452
Year ended 30 June 2023	\$	\$	\$
Revenue from contracts with customers	1,052,603	175,000	1,227,603

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Note 3 Revenue and other income (continued)		
Other revenue	-	1,102,854
Gain on asset sales	237,608	-
Gain on termination of leases (i)	3,531,382	-
Gain on modification of convertible notes	187,781	-
Reversal of impairment on receivables (ii)	300,000	-
Gain on Voluntary administration/deed of company arrangement	-	16,138,211
	4,256,771	17,241,065

(i) During the year the Company early terminated a lease which gave rise to a gain on termination of \$3,531,382 as the corresponding right of use asset had previously been fully impaired.

(ii) During the year the Company agreed to purchase mobile plant from its Joint Venture Partner with the amount payable offset against amounts due to the Company which had previously been impaired.

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Note 4 Employee benefits, salaries and wages		
Wages and salaries expenses	(271,865)	(1,429,389)
Labour contracting	-	(309,581)
Consulting	(146,747)	(8,727)
Director benefits	-	6,698
Share-based payments	-	(41,509)
Total employee benefits, salaries and wages	(418,612)	(1,782,508)

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Note 5 Recycling, waste disposal and other site costs		
Waste disposal costs	(119,552)	236,329
Cost of recycled metals	(442)	(86,837)
Power, fuel and oil	(12,659)	(150,559)
Short term equipment hire	(155,343)	(547,940)
Repairs, maintenance and consumables	(38,731)	(184,060)
Other	(2,860)	(14,769)
	(329,587)	(747,836)

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Note 6 Other expenses		
Marketing related costs	(19,260)	(32,033)
HR and office-related expenses	(60,076)	(61,948)
IT costs	(115,653)	(114,553)
Secretarial, legal and business expenses	(91,648)	(650,700)
Motor vehicle related expenses	(15,679)	(36,111)
Bad debts written off	-	(429,395)
Capital raising expenses	-	(9,373)
	(302,317)	(1,334,113)

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Note 7 Finance costs		
Interest expense on lease liability	(423,737)	(789,513)
Interest expense on loans and borrowings	(1,105,946)	(1,864,661)
Finance charges	(20,726)	(1,954,532)
	(1,550,410)	(4,608,706)
Less: Capitalised interest expense	-	1,221,044
	(1,550,410)	(3,387,662)

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 8 Impairment of assets

Investment in joint venture

The company entered into a joint venture agreement with iHUB Solutions Pty Ltd on 18 November 2021 to acquire a 50% interest in iHUB Technologies Pty Ltd (iHUB), which operates at Pearsall Western Australia. Subsequent operation of this Joint venture has resulted in a continued loss over the last 3 years. This loss is expected to continue into the foreseeable future, the Asset is fully impaired fully impaired

	30 June 2024	30 June 2023
	\$	\$
Investment in joint venture		
Carrying value	-	276,328
Share of Loss	-	(97,764)
Impairment recognised	-	(178,564)
Estimated recoverable amount	-	-
	Property, Plant and Equipment \$	Right-of-use Asset \$
Year ended 30 June 2024		Total \$
Impairment recognised	-	-
Year ended 30 June 2023		
Impairment recognised	178,564	- 178,564

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Note 9 Income tax		
The components of income tax benefit comprise:		
Current income tax	-	-
Current income tax benefit	-	-
Deferred income tax	-	-
Deferred tax benefit relating to the origination and reversal of temporary differences	-	-
Income tax benefit reported in the statement of profit or loss and the other comprehensive income	-	-
Relationship between income tax expense/(benefit) and accounting loss:		
Profit (Loss) before income tax	1,802,152	(19,436,252)
At the statutory income tax rate of 25%	450,538	(4,859,063)
Non-deductible expenses	2,641	13,778
Deferred tax assets (not previously recognised) / brought to account	(453,179)	4,845,285
Income tax benefit reported in the statement of profit or loss and other comprehensive income	-	-
	\$	\$
Deferred tax liabilities		
Property, plant and equipment	-	-
Other deferred tax liabilities	(12,857)	(116,258)
Deferred tax liabilities	(12,857)	(116,258)
Deferred tax assets – brought to account		
Net deferred tax assets on right-of-use assets and lease liabilities	766,154	1,727,469
Business related capital expenditure	102,995	260,228
Accruals and provisions	130,504	131,944
Others	(986,797)	(2,003,383)
Deferred tax assets	12,857	116,258
Net deferred tax liability recognised	-	-

Estimated tax losses (including capital losses) of \$10,188,945 (tax effected) (30 June 2023: \$11,991,097, tax effected), have not been recognised as a deferred tax asset as there is uncertainty that the amounts will be available to offset future taxable income. In addition, deductible temporary differences of \$968,465 (30 June 2023: \$2,979,441) have not been recognised.

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Note 10 Discontinued Operations		
Interest income	-	7,000
Professional fees	-	(28,452)
Other expenses	-	(3,962)
Finance costs	-	(6,313)
Loss on disposal of subsidiary	-	(28,461,509)
	-	(28,493,236)
Cash flows from/(used in) discontinued operations		
Cash Flows from/(used in) discontinued operation	-	(5,895,974)
Net cash (used in) operating activities	-	(22,750)
Net cash flow for the year	-	(5,918,724)

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). The 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 the Mr. R Illingworth ceased as a director of the company.

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 (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
 - 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.

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 11 Earnings per share

The following table reflects the data used in the calculation of the basic and diluted earnings / (loss) per share:

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Continuing and Discontinued Operations		
Net profit/(loss) attributable to the ordinary holders of the company (\$)	1,802,152	(19,436,252)
Weighted average numbers of the ordinary shares (No)	548,638,191	530,634,290
Basic and diluted earnings/(loss) per share (cents)	0.30	(3.70)
Continuing Operations		
Net profit attributable to the ordinary holders of the company (\$)	1,802,152	9,056,984
Weighted average numbers of the ordinary shares (No)	548,638,191	530,634,290
Basic and diluted earnings per share (cents)	0.30	1.70
Weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share	548,638,191	477,209,670
Weighted average number of ordinary shares used in the calculation of diluted earnings/(loss) per share	548,638,191	477,209,670

30 June 2024	30 June 2023
\$	\$

Note 12 Cash and cash equivalents

Cash on hand and at bank	(13,378)	25,748
--------------------------	-----------------	---------------

30 June 2024	30 June 2023
\$	\$

Note 13 Trade and other receivables

Trade receivables	182,827	314,083
	182,827	314,083
Allowance account for expected credit losses	-	-
	182,827	314,083

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Trade and other receivables (continued)

	30 June 2024	30 June 2023
Allowance account for expected credit losses	\$	\$
As at 1 July	-	961,131
Provision for expected credit losses (utilised) / addition	-	(961,131)
As at 30 June	-	-

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms.

Note 14 Investment in joint venture

The company entered into a joint venture agreement with iHUB Solutions Pty Ltd on 18 November 2021 to acquire a 50% interest in iHUB Technologies Pty Ltd (iHUB), which operates at Pearsall Western Australia. The launch of Access Waste involved the Company investing \$351,000 over an 18-month period to acquire a 50% interest in iHUB. The Company acquired 351,000 shares in iHUB through the issue of shares to acquire a 50% interest in iHUB, the entity which provides the software platform for Access Waste. iHUB was previously 100% owned by iHUB Solutions Pty Ltd. The company's interest in iHUB is accounted for using the equity method in the financial statements. Summarised statement of profit or loss of the joint venture and reconciliation with the carrying amount of the investment are set out below:

	1 July 2023 to 30 June 2024	1 July 2022 to 30 June 2023
	\$	\$
Revenue from contracts with customers	-	85,767
Costs and administrative expenses	-	(281,295)
Loss before tax	-	(195,528)
Income tax expense	-	-
Loss for the period	-	(195,528)
Total comprehensive loss for the period	-	(195,528)
Group's share of loss for the period	-	(97,764)
	30 June 2024	30 June 2023
	\$	\$
Investment in joint venture	276,328	276,328
Group's share of loss for the period	(97,764)	(97,764)
Impairment of Joint venture asset	(178,564)	(178,564)
Group's carrying amount of the investment	-	-

M 8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	30 June 2024 \$	30 June 2023 \$
Note 15 Property, plant and equipment		
Mobile plant		
Gross carrying amount at cost	2,129,117	1,856,390
Less: Accumulated depreciation and impairment	(1,856,390)	(1,856,390)
	<u>272,727</u>	<u>-</u>
Fixed plant		
Gross carrying amount at cost	4,498,287	4,498,287
Less: Accumulated depreciation and impairment	(4,498,287)	(4,498,287)
	<u>-</u>	<u>-</u>
Office equipment		
Gross carrying amount at cost	164,107	164,107
Less: Accumulated depreciation and impairment	(164,107)	(164,107)
	<u>-</u>	<u>-</u>
Motor vehicles		
Gross carrying amount at cost	201,225	201,225
Less: Accumulated depreciation and impairment	(201,225)	(201,225)
	<u>-</u>	<u>-</u>
Leasehold improvement at cost	1,508,870	1,508,870
Less: Accumulated depreciation and impairment	(1,508,870)	(1,508,870)
	<u>-</u>	<u>-</u>
Skip bins		
Gross carrying amount at cost	91,124	91,124
Less: Accumulated depreciation and impairment	(91,124)	(91,124)
	<u>-</u>	<u>-</u>
Capital work in progress at cost	<u>-</u>	<u>-</u>
Total property, plant and equipment		
Gross carrying amount at cost	8,592,730	8,320,003
Less: Accumulated depreciation and impairment	(8,320,003)	(8,320,003)
Total carrying amount	<u><u>272,727</u></u>	<u><u>-</u></u>

M 8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 15 Property, plant and equipment (continued)

Reconciliation of net book value:

	Land \$	Mobile plant \$	Fixed plant \$	Office equipment \$	Motor vehicles \$	Leasehold improve- ment \$	Skip bins \$	Capital work in progress \$	Total \$
Opening balance as at 1 July 2023	-	-	-	-	-	-	-	-	-
Purchases	-	272,727	-	-	-	-	-	-	272,727
Disposals	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-	-
Net carrying amount as at 30 June 2024	-	272,727	-	-	-	-	-	-	272,727
Opening balance as at 1 July 2022	9,200,000	-	-	-	-	-	-	20,849,717	30,049,717
Purchases	-	-	-	-	-	-	-	2,372,351	2,372,351
Disposals	(9,200,000)	-	-	-	-	-	-	(23,222,068)	(32,442,068)
Depreciation charge	-	-	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-	-
Net carrying amount as at 30 June 2023	-	-	-	-	-	-	-	-	-

Mobile plant with a carrying value of \$272,727 has been provided as security with respect to a lease of the Company.

M 8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	30 June 2024 \$	30 June 2023 \$
Note 16 Other non-current assets		
Deposits at amortised cost (i)	406,500	406,500
Deposit for Indemnity (ii)	100,000	100,000
	506,500	506,500

(i) The deposit held with ANZ Bank is to cover bank guarantees provided to the landlord of the Maddington facility pursuant to the lease agreement (\$406,500)

(ii) As per the DOCA an (\$100,000) indemnity to Jon Horwath, paid on the 6 June 2023 and released 12 months after settlement

Note 17 Right-of-use assets

The company has lease contracts for various items of mobile plant and facility used in its operations. Leases of mobile plant generally have lease terms between 1 and 2 years, while the facility has a lease term of 20 years. The company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the company is restricted from assigning and subleasing the leased assets.

The company also has certain leases of machinery with lease terms of 12 months or less. The company applies the 'short-term lease' recognition exemptions for these leases.

The carrying amounts of lease liabilities and the movements during the year are set out in Note 21.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Facility \$	Mobile Plant \$	Total \$
As at 1 July 2022	-	-	-
Additions	-	-	-
Depreciation expense	-	-	-
Impairment losses	-	-	-
As at 30 June 2023	-	-	-
Additions	-	-	-
Depreciation expense	-	-	-
Impairment losses	-	-	-
As at 30 June 2024	-	-	-

The following are the amounts recognised in profit or loss:

	Year ended 30 June 2024	Year ended 30 June 2023
Depreciation expense of right-of-use assets	-	-
Impairment expense on right-of-use assets	-	-
Interest expense on lease liability	(423,737)	(789,513)
Gain on early termination of lease (refer Note 3)	3,531,382	-
Expense relating to short-term leases	-	-
Total amount recognised in profit or loss	(423,737)	(789,513)

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	30 June 2024 \$	30 June 2023 \$
Note 18 Trade and other payables		
Trade payables (i)	350,135	-
Trade payables to SBANG Australia (Note 27)	942,551	942,551
Accrued and other payables (ii)	495,866	472,138
	1,788,552	1,414,689

(i) Trade payables represent the liability for the goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days.

(ii) Accrued and other payables are non-interest bearing and have an average term of three months.

	30 June 2024 \$	30 June 2023 \$
Note 19 Borrowings		
Patina Metals (i)	352,000	-
Fernview (i)	75,830	-
Premium funding of insurance (ii)	36,340	-
Convertible Notes (including Capitalised Interest) – M8 Holding Ltd (iii)	7,769,251	6,875,428
M8 Holding Limited (iv)	424,679	-
	8,658,100	6,875,568
less: Non-current portion	(6,236,885)	(4,639,132)
Current portion	2,421,215	2,236,436

(i) The loan from Fernview Environment Pty Ltd, a director related entity of S Saksitthisereeku, is at call and non-interest bearing.

On the 5 July 2023 the Company entered into a loan facility agreement with Patina Metals Pty Ltd, a director related entity of D Flugge, for a facility of \$500,000, with a maturity date of 5 July 2025 and which is non-interest bearing. The Company has agreed to settle amounts due earlier on the re-listing of the Company on the ASX.

(ii) In November 2023, the Company entered into an insurance premium funding agreement with Arteva with a 12 months repayment term and interest rate of 11.77%

(iii) In September 2019, the Company entered loan facility agreement ("the Facility") with M8 Holding Limited ("M8H") (formerly named Sbang Sustainable Energies Limited), the Company's largest shareholder, 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.

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 19 Borrowings (continued)

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.

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 facility to \$5.5 million. This facility is fully drawn down. The facility has an expiry date of 19 August 2025.

\$697,731 has been recorded in the convertible note reserve in relation to the equity conversion feature.

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. This facility was drawn down by \$1,548,433. This facility had a maturity date of 22 December 2023. On or around 22 December 2022, the maturity date of these was extended to 31 March 2025.

\$95,941 has been recorded in the convertible note reserve in relation to the equity conversion feature.

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

(iv) M8 Holdings has provided a working capital loan facility of \$500,000. The facility is unsecured, bears interest at 0%. The Company has agreed to settle amounts on the re-listing on the ASX.

M8 Holdings has also agreed to provide the Company with a Loan Facility of up to \$750,000 with an availability period commencing when the Company is admitted to the Official Listing of the ASX and ending on the date 18 months after such date. This facility is undrawn as at 30 June 2024.

Year ended 30 June 2024	Patina Metals loans \$	Fernview Environmental \$	Arteva Funding \$	M8 Holding Loans & Convertible notes \$
Balance at 1 July 2023	-	-	-	6,875,568
Balance at 30 June 2024	352,000	75,830	36,340	8,193,930
Movement	(352,000)	(75,830)	(36,340)	(1,318,362)
Cash				
Proceeds from short-term loans	352,000	75,830	159,910	-
Repayment of short-term loans	-	-	(123,570)	-
Repayment of mobile plant loan	-	-	-	-
Proceeds from M8 Holding	-	-	-	424,680
Repayment of M8 Holding	-	-	-	-
Non-cash				
Non-cash interest and gain on modification	-	-	-	893,682
	352,000	75,830	36,340	1,318,362

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 19 Borrowings (continued)

Year ended 30 June 2023	Short-term loans	ScotPac loan	Bigstone loan	M8 Holding loan	Remagen loan
	\$	\$	\$	\$	\$
Balance at 1 July 2022	48,722	565,851	86,158	2,388,932	10,531,935
Balance at 30 June 2023	-	-	-	6,875,568	-
Movement	48,722	565,851	86,158	(4,486,637)	10,531,935
Cash					
Proceeds from short-term loans	-	-	-	-	-
Repayment of short-term loans	(48,722)	-	-	-	-
Repayment of mobile plant loan	-	(565,851)	(86,158)	-	-
Proceeds from M8 Holding	-	-	-	(3,874,959)	-
Repayment of Remagen loan	-	-	-	-	2,388,914
Non-cash					
Non-cash interest	-	-	-	611,678	(12,920,849)
	(48,722)	(565,851)	(86,158)	(4,486,637)	(10,531,935)

Note 20 Lease liabilities

	2024	2023
	\$	\$
As at 1 July	6,909,878	8,694,963
Accretion of interest	348,389	789,513
Repayment of principal portion of lease liabilities	(313,881)	(683,086)
Repayment of interest portion of lease liabilities	(423,737)	(789,513)
Reversal of expired/terminated/modified	(3,531,382)	(1,101,999)
As at 30 June	(2,989,267)	(6,909,878)
Current	353,025	314,353
Non-current	2,636,242	6,595,525

Note 21 Provisions

	30 June 2024	30 June 2023
	\$	\$
Current		
Employee provisions	76,288	155,640
Non-current		
Make good provision	75,348	-

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 22 Share capital and reserves

Share Capital

	30 June 2024 Number	30 June 2023 Number
(a) Issued and paid up capital		
Issued and fully paid ordinary shares	548,638,191	548,638,191
(b) Movement in ordinary shares		
Balance as at 1 July	\$ 47,013,006	\$ 46,513,006
Issuance through placement	-	500,000
Balance as at 30 June	47,013,006	47,013,006
(c) Movement in ordinary shares		
Balance as at 1 July	2024 Number 548,638,191	2023 Number 477,209,670
Issued through placement	-	71,428,521
Balance as at 30 June	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

Share-based Payment Reserve

	2024 \$	2023 \$
Balance at 1 July	1,287,773	1,246,264
Transfer to Accumulated losses	(1,287,773)	-
Cost of issuing shares to Adroit Capital Group ESG Pty Ltd	-	41,508
Balance at 30 June	-	1,287,773

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel and options issued to the lead manager or its nominees, as part of their remuneration.

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 22 Share capital and reserves (continued)

Capital Management

For the purpose of the company's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Convertible note valuation reserve

	2024 \$	2023 \$
Balance at 1 July	-	-
Equity Conversion Feature	1,386,112	1,386,112
Balance at 30 June	<u>1,386,112</u>	<u>1,386,112</u>

The Convertible note valuation reserve is used to recognise the value of the equity conversion feature relating to the convertible notes on issue.

Note 23 Share-based payments

No executive cash bonuses were paid during the reporting period (2023: None).

Options

The Company issued 10,000,000 options to the underwriter of the renounceable rights issue pursuant to a prospectus dated 25 June 2021. The options were issued as consideration for services provided by the underwriter in relation to the rights issue. The options had a fair value of \$0.00598 per option, determined using a Binomial option pricing model and taking into account the terms and conditions upon which the options were granted. As the Company determined that it could not reliably measure the fair value of the service provided, it rebutted the presumption that it could determine the fair value of the service provided and options issued were, therefore, fair valued as indicated below.

The fair value of the options was calculated on the date of grant using the following assumptions:

Exercise price	\$0.040
Term	3 years
Dividend yield	0%
Extended volatility	45%
Risk free interest rate	0.20%

M 8 S U S T A I N A B L E L I M I T E D

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S F O R T H E Y E A R E N D E D 3 0 J U N E 2 0 2 4

Note 23 Share-based payments (continued)

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2024 Number	2024 WAEP	2023 Number	2023 WAEP
Outstanding at 1 July	10,000,000	\$0.04	30,000,000	\$0.18
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 30 June	-	-	-	-
Exercisable at 30 June	-	-	-	-

Note 24 Operating segments

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

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

- 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. The 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 (C&D) and C&I waste. (C&I). 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. During the year, the Company also conducted metals recycling activities; these activities involved aggregating, processing and selling of recycled metals to both local and export markets.

All recycling activities ceased upon the appointment of Voluntary Administrator on the 14 February 2023, however resumed in limited capacity subsequent to the Voluntary Administration period.

(ii) Operations and Maintenance

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

All O&M activities ceased upon the appointment of Voluntary Administrator on the 14 February 2023.

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 24 Operating segments (continued)

Summarised financial information concerning the reportable segments as at 30 June 2024 and 30 June 2023 are shown in the following table:

	Waste Management and Recycling \$	Operations and Maintenance \$	Total operating segments \$
Year ended 30 June 2024			
Revenue from contracts with customers	478,952	-	478,952
Other income	4,256,771	-	4,256,771
Total Income	4,735,723	-	4,735,723
Operating expenses	(1,383,161)	-	(1,383,163)
EBITDA	3,352,562	-	(904,211)
Depreciation and amortisation	-	-	-
Net finance costs	(1,550,410)	-	(1,394,999)
Impairment losses	-	-	-
Profit before income tax	1,802,152	-	1,802,152
Income tax benefit	-	-	-
Loss after income tax	1,802,152	-	1,802,152

	Waste Management and Recycling \$	Operations and Maintenance \$	Total operating segments \$
Year ended 30 June 2023			
Revenue from contracts with customers	1,236,058	175,000	1,410,538
Other income	1,102,854	16,138,211	17,241,065
Total Income	2,338,912	16,138,211	18,652,123
Operating expenses	(5,871,386)	(215,136)	(6,086,522)
EBITDA	(3,532,474)	(40,136)	12,565,601
Depreciation and amortisation	-	-	-
Net finance costs	(3,330,053)	-	(3,330,053)
Impairment losses	(178,564)	-	(178,564)
Loss before income tax	(7,041,091)	16,098,075	9,056,984
Income tax benefit	-	-	-
Loss after income tax	(7,041,091)	16,098,075	9,056,984

- (i) In 2023 The company reported income of \$16,138,211 related to the Deed of Company Arrangement, this amount is reported under operations and maintenance.
- (ii) Revenue from one customer amounted to \$315,143 (2023: \$843,271) arising from metals recycling within the waste management and sales of equipment reported under other income.

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 24 Operating segments (continued)

No segments have been aggregated to form the above reportable segments.

The Company's executive management does not review segment assets and liabilities.

All non-current assets are based in Australia.

Note 25 Auditor's remuneration

RSM Australia Partners were appointed as auditor of the Company in January 2023.

	Year ended 30 June 2024	Year ended 30 June 2023
	\$	\$
<i>Fees to RSM Australia Partners</i>		
Fees for auditing or reviewing the statutory financial reports	<u>90,000</u>	<u>160,000</u>

RSM Australia Partners has not received any fees for non audit services in FY2024 or FY2023.

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 26 Key Management Personnel (KMP) disclosures

The following were KMPs of the company at any time during the reporting period and, unless indicated, were KMPs for the entire period:

1. Saithsiri Saksitthisereekul – Non-Executive Chairman
2. Tomasz Rudas – Managing Director
3. Mark Puzey – Non-Executive Chairman (resigned 2 December 2022)
4. Damien Flugge - Executive Director (appointed 14 October 2022)
5. Rodney Illingworth - Non-Executive Director (appointed 19 October 2023, ceased as a Director on 1 June 2023)
6. Vijay Joshi – Chief Financial Officer (resigned 25 August 2023)

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
The aggregate KMPs compensation is set out below:		
Short-term benefits	266,263	816,134
Post-employment benefits	13,567	79,428
Long term benefits	8,980	34,615
Share-based payments	-	-
	<u>288,810</u>	<u>930,177</u>

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 27 Related party transactions

		Sales to Related parties \$	Purchases from related parties \$	Amounts owed by related parties \$	Amounts owed to related parties \$
Star Shenton Energy Pty Ltd	2024	-	272,727	405,457	-
	2023	192,500	-	705,457	-
Sbang Australia Pty Ltd	2024	-	-	-	942,551
	2023	-	8,451,383	-	942,551
Patina Metals	2024	-	-	-	352,000
	2023	-	-	-	-
Fernview Environmental Pty Ltd	2024	-	-	-	75,830
	2023	-	-	-	-
M8 Holding Ltd	2024	-	-	-	8,193,930
	2023	-	-	-	6,875,568

- 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.

The company has a trade receivable from SSE for an amount of \$Nil (2023: \$Nil) and a loan receivable from SSE of \$Nil (2023: \$Nil). In the 2023 FY the loan and trade receivable were fully impaired. The company recognized an impairment write back of \$300,000 following the acquisition of an asset from SSE which was set off against prior year debt which was impaired.

	2024 \$	2023 \$
Balance as at 1 July	-	705,457
O&M fees	-	192,500
Receipts	-	(5,000)
Loans provided	-	6,186
Interest	-	42,381
Impairment	-	942,551
Balance as at 30 Jun 2024	-	-

Note 28 Commitments and contingent liabilities

Guarantees

The company has provided the following bank guarantees at 30 June 2024:

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

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

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 29 Financial risk management

The company's principal financial instruments comprise cash, receivables, payables, borrowings and lease liabilities. The company manages its exposure to key financial risks in accordance with the company's financial risk management policy. The objective of the policy is to support the delivery of the company's financial targets whilst protecting its future financial security.

The main risks arising from the company's financial instruments are credit risk and liquidity risk. The company uses different methods to measure and manage different types of risks to which it is exposed. These include:

- aging analyses and monitoring of specific credit allowances are undertaken to manage credit risk.
- liquidity risk is monitored through the development of future rolling cash flow forecasts.

Credit Risk

Credit risk arises from the financial assets of the company, which comprise cash and cash equivalents and trade and other receivables.

Credit risk in respect of trade and other receivables arises when a customer fails to meet its contractual liabilities. The company is exposed to such risk. However, the company seeks to minimise/reduce this risk by setting credit limits and focusing on having a broader rather than narrow number of customers.

The company's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The company considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period.

Except for trade receivables, contract assets and other short-term receivables (see below), ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In making this assessment, the company considers information that is reasonable and supportable, including historical experience and forward-looking information. In particular, the company takes into account the counterparties external credit rating (as far as available), actual or expected significant changes in the operating results of the counterparty and macroeconomic when assessing significant movements in credit risk.

Market Risk

Market risk comprises two types of risk: interest rate risk and other price risk. For the company, market risk comprises of interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits, and debt.

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 29 Financial risk management (continued)

Interest Rate Risk

The company's exposure to the risk of changes in market interest rates is restricted to cash and cash equivalents of \$(13,377) (2023: \$25,748). As all borrowings are on fixed rates, there is no significant interest rate risk at the balance sheet date.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. It is the company's policy to maintain sufficient funds in cash and cash equivalents to meet the financial obligations. Management monitors rolling cash flows and regularly reviews existing funding arrangements to manage this risk.

The table below summarises the maturity profile of the company's financial liabilities based on undiscounted payments:

30 June 2024	Less than 3 months \$	3 to 12 months \$	1 to 5 years \$	> 5 years \$	Total \$
Trade payables	1,292,868	-	-	-	1,292,868
Accrued and other payables	495,886	-	-	-	495,886
Convertible Notes - M8 Holding Ltd (i)	-	1,637,856	7,383,386	-	9,021,242
Loans from related parties	-	960,388	-	-	960,388
Lease liabilities	163,956	491,868	2,623,296	819,780	4,098,900
	1,952,710	3,090,112	10,006,682	819,780	15,869,284
30 June 2023					
Trade payables	942,551	-	-	-	942,551
Accrued and other payables	472,138	-	-	-	472,138
Convertible notes from M8 Holding Ltd (Thailand)	-	1,615,629	7,383,386	-	8,999,015
Lease liabilities	60,558	253,795	2,282,020	4,313,505	6,909,878
	1,475,247	1,869,424	9,665,406	4,313,505	17,323,582

(i) On 13 August 2024, convertible notes with a face value of \$7,048,433, together with Capitalised Interest were transferred by M8 Holdings to Patina Metals. On 11 November 2024 Patina provide the Company with ratification that it will seek to convert these amounts at the Company's next Annual General Meeting. Conversion of the notes will be subject to shareholder approval.

M8 SUSTAINABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 29 Financial risk management (continued)

Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements. The carrying amounts of financial assets and liabilities of the company carried at amortised cost approximate their fair values.

Note 30 Events after the reporting period

Other than the matters set out in Note 2 and Note 19, no material transactions have occurred since 30 June 2024 and the date of the approval of the financial statements which the Directors consider require disclosure.

M8 SUSTAINABLE LIMITED

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 December 2024.

1. QUOTATION

Listed securities in M8 Sustainable Limited are quoted on the Australian Securities Exchange under ASX code M8S (Fully Paid Ordinary Shares) and are not quoted on any other exchange.

2. VOTING RIGHTS

The voting rights attached to the Fully Paid Ordinary Shares ("Shares") of the Company are:

- (a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- (b) every member present in person, or by proxy or attorney:
 - (i) on a show of hands, has one vote; and
 - (ii) on a poll, has one vote for each Share held.

3. DISTRIBUTION OF SHAREHOLDERS

i) Fully Paid Ordinary Shares

Shares Range	Holders	Units	%
1 – 1,000	17	1,556	0.00
1,001 – 5,000	36	131,517	0.02
5,001 – 10,000	39	323,811	0.06
10,001 – 100,000	313	15,838,075	2.89
100,001 and above	308	532,343,232	97.03
Total	713	548,638,191	100.00%

On 31 December 2024, there were 302 holders of unmarketable parcels of less than 55,556 Shares (based on the closing Share price of \$0.009).

4. SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders as notified to the Company as at 11 September 2024 are:

Name: SBANG Sustainable Energies Limited and Saithsiri Saksitthisereekul
Holder of: 83,215,038 Shares, representing 35.68% as at 10 July 2019
Notice Received: 12 December 2019

Name: SG Hiscock & Company Limited
Holder of: 15,000,000 Shares, representing 6.43% as at 11 December 2019
Notice Received: 13 December 2019

Name: Star Universal Network Public Company Limited
Holder of: 23,900,000 Shares, representing 10.25% as at 20 September 2019
Notice Received: 13 December 2019

Name: Adroit Capital Group
Holder of: 71,428,521 Shares, representing 13.02% as at 3 October 2022
Notice Received: 6 October 2022

5. RESTRICTED SECURITIES

The Company does not have any restricted securities.

6. ON MARKET BUY-BACK

There is currently no on market buy-back in place.

7. APPLICATION OF FUNDS

M8 SUSTAINABLE LIMITED

SHAREHOLDER INFORMATION

The Company has applied its cash and assets readily convertible to cash in a way that is consistent with its business objectives detailed in its IPO prospectus.

8. TWENTY LARGEST SHAREHOLDERS

The twenty largest holders of the Company's quoted Shares as at 31 December 2024 are as follows:

	Holder Name	Holding	%
1	M8 Holding Limited	166,430,076	30.34
2	Adroit Capital Group ESG Pty Ltd <Adroit Capital Group ESG A/C>	71,428,521	13.02
3	Star Universal Network Public Company Limited	23,900,000	4.36
4	Chesapeake Capital Ltd	12,000,000	2.19
5	J P Morgan Nominees Australia Pty Limited	11,221,577	2.05
6	Mr Marx Lin	9,597,603	1.75
7	Athukorala Holdings Pty Ltd	8,728,698	1.59
8	Kingsley Craig Flugge + Margaret Flugge <Flugge Super Fund A/C>	8,351,526	1.52
9	Jasper Hill Resources Pty Ltd <Superannuation Account>	7,700,000	1.40
10	Future Super Pty Ltd <JWS Super Fund A/C>	7,000,000	1.28
11	CG Nominees (Australia) Pty Ltd	6,835,000	1.25
12	Citicorp Nominees Pty Limited	5,042,838	0.92
13	Summerset Global Ltd	5,010,008	0.91
14	Alderhaus Pty Ltd	4,500,000	0.82
14	GE Equity Investments Pty Ltd	4,500,000	0.82
16	Mr Wayne Stephen Akeroyd	4,419,468	0.81
17	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient>	4,229,897	0.77
18	Mr Kingsley Craig Flugge + Ms Margaret Flugge	4,229,709	0.77
19	Adroit Capital Investments Pty Ltd	3,578,627	0.65
20	Mr Michael Frank Manford <No 2 A/C>	3,326,300	0.61
	Totals	372,029,848	67.81%