



ASX ANNOUNCEMENT

31 July 2023

QUARTERLY ACTIVITIES REPORT AND APPENDIX C

HIGHLIGHTS

- **Completion of Equity Raising:** Successfully raised \$7.9 million via a Placement and SPP to progress expansion and support operations through to final stage of commercialisation.
- **Record revenue:** Record quarterly revenue in Q4 FY23 of \$1.5 million, a 41% increase on Q4 FY22 of \$1.06 million, driven by higher sales of TDFO and higher in-bound tyre volumes and pricing.
- **Tyre volume growth:** 9% increase in Q4 collections vs Q3, supported by an increase in new tyre customers.
- **Key infrastructure installed:** Inline shredder now fully operational, reducing shredding cost by approximately 50%.
- **NTR0 Agreement:** 5-year commercial agreement to develop and market Entyr's sustainable materials through accreditation.

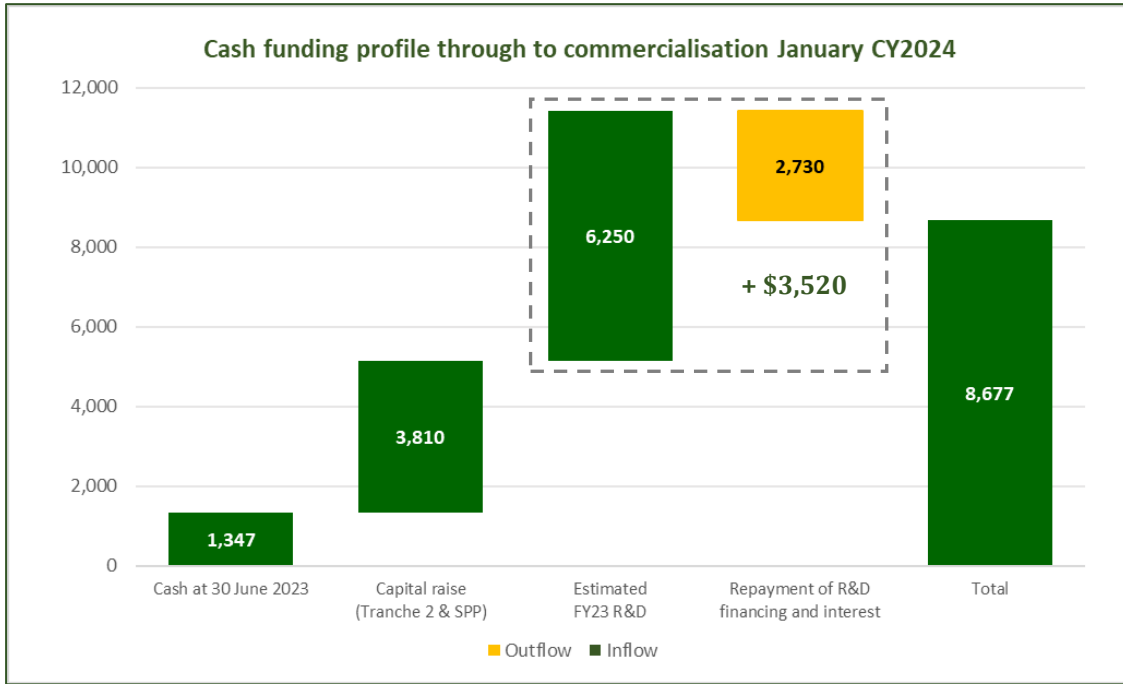
Environmental technology company **Entyr Limited** (ASX: ETR) ("**Entyr**" or the "**Company**") is pleased to provide the following update to shareholders for the quarter ended 30 June 2023 (Q4).

Equity Raising

As announced on 10 May 2023, Entyr successfully completed an equity raising with funds raised to achieve full operating capacity at Stapylton, further progress the expansion planning beyond the Stapylton site and support the Company's operations through to the final stage of commercialisation.

Gross proceeds of \$7.5 million were committed through a two-tranche placement (Placement) and a further \$0.4 million was subscribed for in the share purchase plan (SPP). New shares issued in the Equity Raising had one attaching option for every two new shares issued, with an exercise price of \$0.04 and an expiry date of 31 December 2024.

The proceeds from the Equity Raise plus cash on hand on 30 June 2023 combined with the implementation of cost-saving initiatives and anticipated revenue growth is expected to provide a sound cash position for the immediate future. Furthermore, the Company is also in the process of completing its FY23 R&D incentive which is estimated to result in a net rebate of approximately \$6.2 million anticipated to be received in September 2023. The Company will settle its outstanding R&D financing immediately upon receipt of the claim.

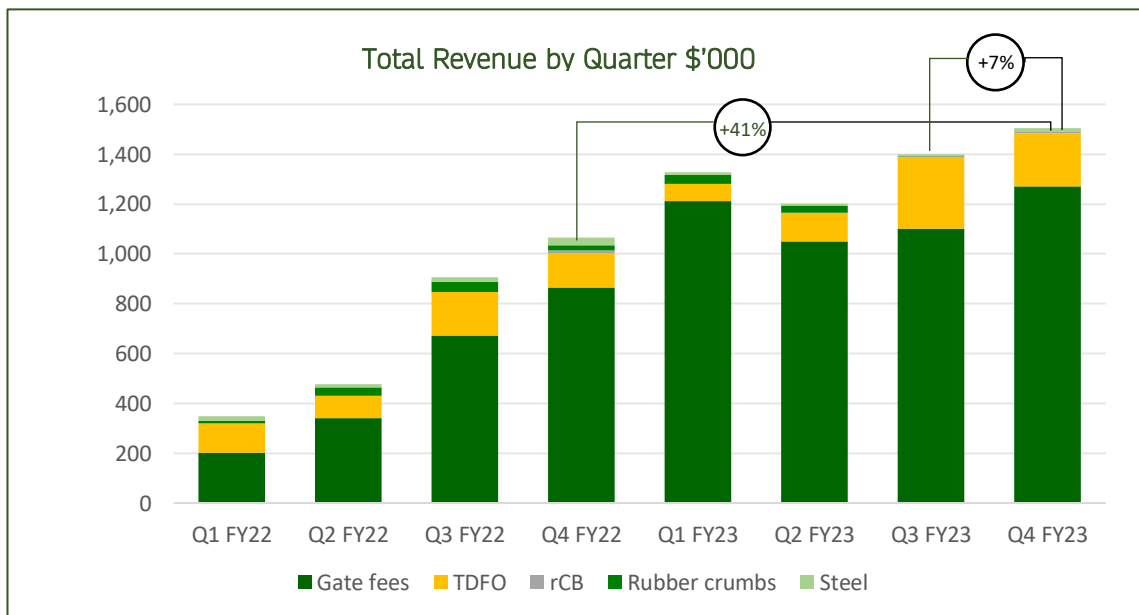


Funding pathway through to full plant operations in H2FY2024

Sales and commercial update

Revenue

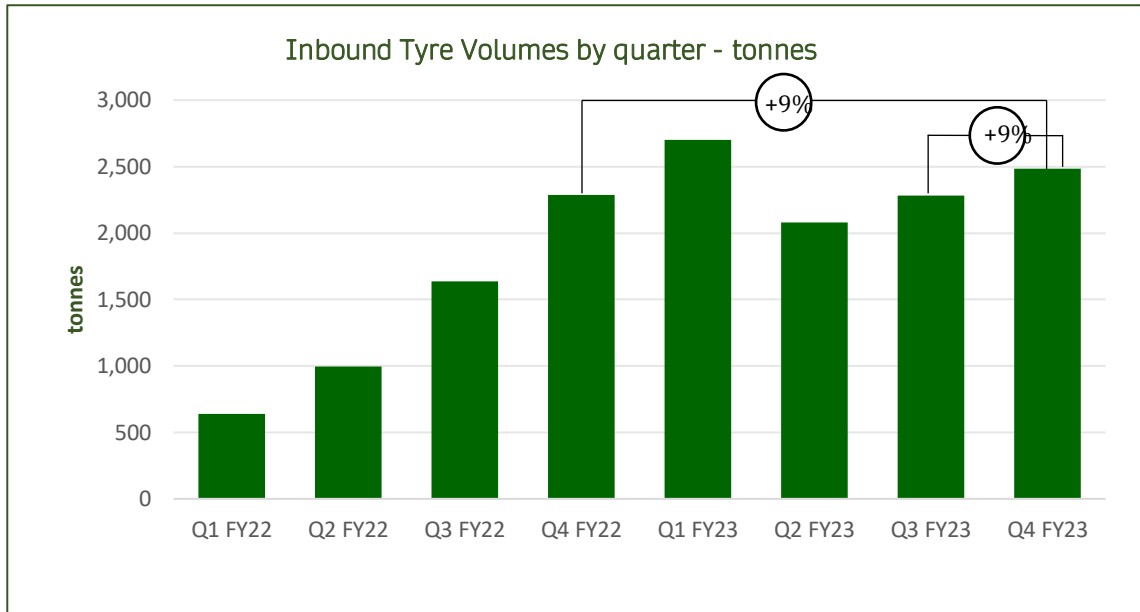
In Q4 FY23, Entyr reported its highest quarterly revenue in the Company’s history at \$1.5 million, which represents growth of 7% vs Q3 FY23 and 41% vs Q4 FY22. The revenue result was due to strong sales of tyre derived fuel oil (TDFO) early in the quarter and continued growth in collection volumes and prices. The (unaudited) revenue result for FY23 is \$5.4 million which is an increase of 94% when compared with the revenue result of FY22.



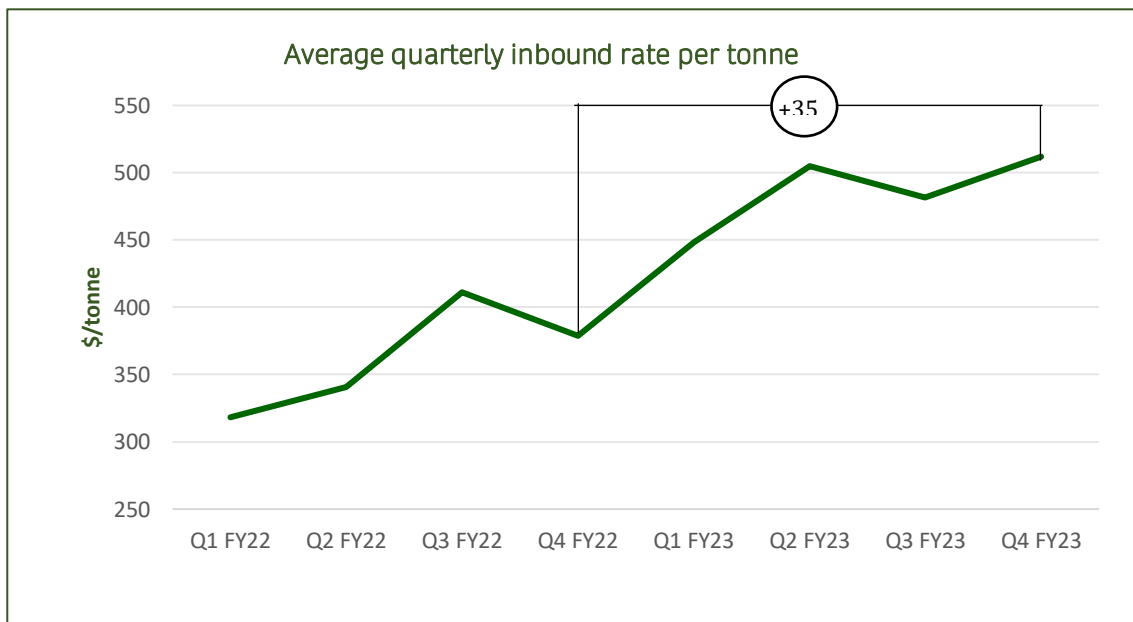
Total Revenue by Quarter

Tyre collection

Tyre collection volumes increased 9% in Q4 FY23 to 2,484 tonnes, compared to 2,284 tonnes in Q3 FY23. The increase in collections has been supported by targeted customer growth and increased customer density in South-East Queensland. Volume has grown 9% from 2,286 tonnes achieved in Q4 FY22. The Company is continuing to see a positive trend in the collection price which increased 35% quarter on quarter in Q4 FY23 to \$512 per tonne (Q3 FY23: \$482 per tonne), compared to \$379 per tonne in Q4 FY22.



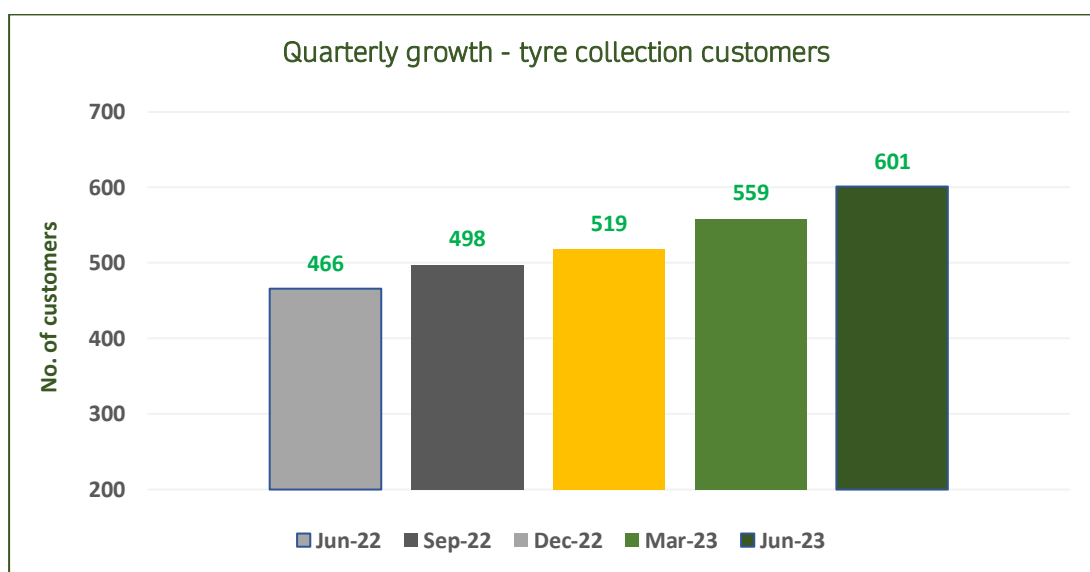
Total tyre collections by quarter



Average inbound tyre collection rate by quarter

Tyre collection customers growth

In line with the Company's objective of running at full capacity in January 2024, growth in the collection of end of life tyre feedstock, through the acquisition of new tyre customers (typically retail shops and councils) grew at an average 29% year on year. In total, it is anticipated that customer acquisitions will continue to increase through to January 2024 and beyond with a total target being a reliable collection network of 20,000 tonnes per annum or ~2 million end of life tyres in a cost effective proximity to the Stapylton facility.

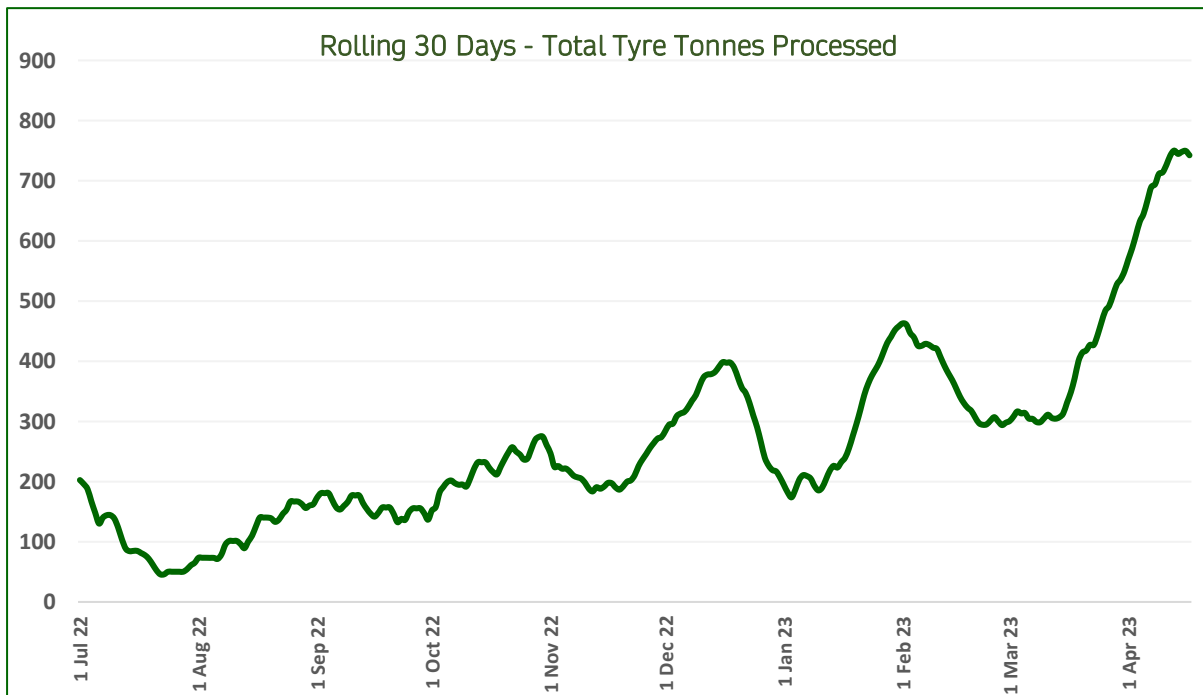


Tyre collection customers by quarter

Operations

Processing rate

Entyr achieved a 30-day rolling production volume of 750 tonnes during the month of April 2023 before winding back thermal processing in May 2023 to commence installation of new infrastructure and plant. This approach was taken as it is the most cost effective and fastest way to move the site to full commercial operations as per the planned timeline. The original operational plan was to run the plant at the highest possible rate while installing the infrastructure and plant upgrades however, the incomplete state of the facility and the interruptions related to infrastructure installation drove up operating costs more than anticipated and disproportionately to the increases in volume that was being achieved.



Rolling 30 days total tyre tonnes processed

Infrastructure upgrades

The inline shredder unit is now in full operation, reducing shredding costs by 50% and with ongoing efficiency improvements this is anticipated to grow to a 75% reduction in shredding costs from the base cost prior to commissioning.

All planned Key infrastructure projects are now underway this includes:

- Carbon milling and bagging unit - approx. spend \$1.9m
- Distribution Control System (DCS) - approx. spend \$0.4m
- Thermal Desorption Units (TDU) upgrades for safety, compliance and efficiency to electrical, hydraulic & compressed air systems approx. spend \$0.6m
- TDU gas management system upgrade \$0.8m

Installation and commissioning of new infrastructure is expected to be completed in December 2023 with the site planned to return to 24/7 operations by January 2024.

NTRO agreement

National Transport Research Organisation (NTRO previously ARRB) and Entyr have executed a 20-year agreement to co-develop commercial applications from Entyr's sustainable tyre derived fuel oil (TDFO) and recovered Carbon Black (rCB).

NTRO undertakes scientific research and develops standards and specifications for Australia and New Zealand roads, rails, ports, and airports. NTRO pulls together multi-modal transport solutions and helps the sector embrace new technologies and materials, to tackle next generation issues across the sector, including sustainability.

Following successful evidence-based performance of the Company's TDFO and rCB in road pavements over two years, NTRO has identified several commercial opportunities that can be pursued upon completion of evidence-based testing.

Victorian road trials

Melbourne's, Pound Road West Upgrade recently completed an exciting Victorian-first trial that used Entyr's recovered carbon product that's made from end-of-life tyres as a substitute material in road construction – potentially paving the way for future road upgrades to use more sustainable asphalt.

As part of the trial, a 500m section of the Pound Road West was paved with a high-recycled content asphalt mix containing Entyr's recovered carbon product, in place of the fine ground limestone normally used in standard asphalt mixes.

Fine ground limestone is commonly used as a modifier in asphalt, but the mining and manufacturing process produces considerable CO2 emissions – the production of one tonne of fine ground limestone generates around 1.2 tonnes of CO2.

By replacing fine ground limestone with Entyr's rCB, CO2 emissions were lowered substantially during asphalt production on the trial.

Over the past two years, Entyr in partnership with the NTRO, has conducted validations and road trials using NTRO's world-class laboratories. Over eight trial locations have been constructed and monitored across Queensland, which have shown that for every tonne of end-of-life tyres processed into rCB carbon emissions are reduced by 500kg.



Pound road – road trial photographs courtesy Seymore Whyte & Alex Fraser

Quarterly cash flow analysis

During the quarter, Entyr had \$5.2 million of net operating outflows, \$0.4 million net cash used in investing activities and net cash inflows from financing activities of \$4.7 million.

Cash on hand at the end of the quarter was approximately \$1.3 million.

Operating cash flows included cash receipts from sales of \$1.6 million and government traineeship grants of \$0.1 million. Operating expenditure before the allocation to research and development included manufacturing and operational expenditure of \$4.9 million, staff expenses of \$1.6 million and other operating costs of \$0.4 million.

The Company incurred \$0.4 million on capital expenditure during the quarter including plant and equipment and ring road upgrades.

The Company borrowed \$1.1 million during the quarter against the FY23 R&D incentive anticipated to be received in September 2023.

The payments to related parties of the entity and their associates set out in section 6.1 of Appendix 4C total \$87,818 for the payment of fees to non-executive directors.

This quarterly activities report has been authorised by the Board.

Authorised for release by:
Mike Barry
Chairman

For further information, please contact:
Investors – David Wheeley – CEO David.Wheeley@entyr.com.au
Website – <https://www.entyr.com.au>

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity
ENTYR LIMITED

ABN	Quarter ended ("current quarter")
90 118 710 508	30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,635	5,825
1.2 Payments for		
research and development	(5,520)	(16,065)
product manufacturing and operating costs	(558)	(1,768)
advertising and marketing	-	-
leased assets	(218)	(1,045)
staff costs	(347)	(2,118)
administration and corporate costs	(226)	(1,351)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	18
1.5 Interest and other costs of finance paid	(98)	(307)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	139	9,082
1.8 Other (provide details if material)	-	(1,092)
1.9 Net cash from / (used in) operating activities	(5,185)	(8,821)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
businesses	-	-
property, plant and equipment	(418)	(3,580)
investments	-	-
intellectual property	-	-
other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	businesses	-	-
	property, plant and equipment	-	468
	investments	-	-
	intellectual property	-	-
	other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	26	54
2.6	Net cash from / (used in) investing activities	(392)	(3,058)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,912	10,732
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(254)	(666)
3.5	Proceeds from borrowings	1,100	7,350
3.6	Repayment of borrowings	(15)	(5,810)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4,743	11,606
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,181	1,620
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,185)	(8,821)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(392)	(3,058)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,743	11,606
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,347	1,347

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,347	2,181
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,347	2,181

6.	Payments to related parties of the entity and their associates	Current quarter \$A
6.1	Aggregate amount of payments to related parties and their associates included in item 1	\$87,818
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	2,600	2,600
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,600	2,600
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>The facility is with RH Capital Group Pty Ltd and relates to short term funding against the FY23 R&D claim. Interest on the borrowings is 15% per annum. This debt, along with any interest accrued, will be automatically settled upon receipt of the claim. The borrowing is secured under a general security deed.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(5,185)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,347
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,347
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.26

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No, the Company does not expect to have the current level of net operating cash flows. The Board anticipates the Company to continue to increase its revenue and reach a more sustainable cost structure as it moves towards commercial volumes. To reduce operational spend the Company has adjusted its operating regime while it completes its commercialisation infrastructure on site. The commercialisation infrastructure plan will deliver both processing capacity and cost reduction benefits. As such, it anticipates that the net operating cash flows will significantly improve moving forward.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Board, regularly evaluates market appetite for equity and debt investment and manages capital and its operations accordingly. Net funds of approximately \$3.8m in relation to the Tranche 2 placement and SPP capital raising were received in July. The Board anticipates it will be able to continue to access funding as required, including from rebates in relation to its R&D activity, and will update the market of any step it decides to take.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. The Company expects to be able to continue its operations and to meet its business objectives. This with increases in tyre collection revenues, increased processing volumes and capacity as well as increased revenues for our tyre derived fuel and recovered carbon black will enable the company to continue its operations and meet its business objectives.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

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

Date: 31 July 2023

Authorised by: Michael Barry, Chairman

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.