

ASX Announcement | 27 February 2020

2020 HALF YEAR RESULTS

KEY NOTES

- Successful completion of the Initial Public Offering (IPO) to raise the maximum amount of \$19.5m
- Maddington Waste Facility site recommissioned in July 2019 and commenced receiving waste in August
- Growth in the customer base at Maddington
- Increase in waste volumes processed at Maddington
- First half revenue of \$872k
- Commencement of key site works at the fully-permitted Gingin Landfill Project
- Net loss after tax of \$8.4m (Dec 2018 -\$2.5m loss) largely attributed to one-off expenses associated with the IPO

M8 Sustainable Limited (“M8S” or “the Company”) reports its financial results for the half year ended 31 December 2019.

Commenting on the performance of M8 Sustainable in the first half of FY20, Managing Director Mr Tom Rudas said: *“It has been a transformational period for M8 with the successful listing on the ASX, re-opening of the Maddington Waste Facility and recently starting work on our flagship development project, the Gingin Landfill Facility.*

“The net loss for the first half largely reflects one-off costs associated with the IPO listing. More importantly, the Company is beginning to experience encouraging growth signs in both the customer base and waste volumes through the Maddington facility. Since the end of the period we continued to see growth in the client base and waste volumes.

“At our flagship growth asset, Gingin, site works have commenced and construction contract negotiations are well advanced, which should lead to key appointments announcements in the near term.”

Financial Results

For the six months ended 31 December 2019, the Company recorded revenue of \$872k.

The net loss after tax was \$8.4m (Dec 2018 - \$2.5m loss). The result was significantly impacted by one-off expenses associated with the IPO.

The IPO listing resulted in one-off net expenses of \$5.7m, with \$1.9m of this amount incurred as cash expenses, slightly lower than the forecasted amount of \$2m outlined in the prospectus.

The balance of the IPO expenses related to non-cash items associated with issuing promoter shares, a loss on conversion of loans from debt to equity with SBANG Sustainable Energies Ltd (“SBANG”) – the Company’s largest shareholder and the issue of share options to the IPO lead manager.

SBANG played a pivotal role in the funding, growth and development of the Company prior to listing.

Initial Public Offering (IPO)

In December 2019, the Company successfully completed the IPO process to raise the maximum amount of \$19.5m.

The Company listed on 11 December 2019 and received strong support from a number of institutional investors. At listing the Company’s 20 largest shareholders accounted for 79% of the shares on issue.

Upon listing Robert McKinnon, Richard Allen and Mark Puzey were appointed as Non-Executive Directors of the Company.

Maddington Facility

Following a significant remediation, the Maddington Waste Facility was recommissioned in July 2019 and commenced receiving waste in August.

The site is licensed to process 500,000 tonnes per annum.

Since August there has been encouraging growth in the customer base, waste volumes processed and the sale of recycled products at Maddington.

Gingin Landfill

Site works at the fully permitted Gingin landfill facility commenced.

The survey of the site areas that will encompass Cell 1, the main and secondary roads and associated buildings has been completed. Clearing for Cell 1, the main access road and laydown area has commenced.

Tender documents have been released, with construction contract negotiations well advanced. The Company anticipates that key contracts will be awarded in due course.

Outlook

The Company's focus throughout 2020 will be on the continued growth in customer base and waste volumes and the progression of key site works and construction at the Gingin landfill facility.

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