



23 October 2020

The Manager
ASX Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

By email

Dear Sir/Madam

2020 Annual Report

In accordance with the ASX Listing Rules, M8 Sustainable Limited releases the 2020 Annual Report to the market.

This announcement is authorised for market release by the Board of Directors.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'John Colli', written over a thin horizontal line.

John Colli
Company Secretary



M8
sustainable

M8
sustainable

sustainable
recycling

Annual Report
2020



M8 Sustainable Limited (ACN 620 758 358) (**M8S**) is a Western Australian based business that owns and operates a high-quality, waste recycling and disposal portfolio. Operations were acquired to integrate waste streams, maximise synergies and establish a tier-one, full-service waste management operation.

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Year in Brief

- Successful completion of IPO raising \$19.5M
- Listed on the ASX in December 2019 (ASX code: M8S)
- Recommended trading at the Maddington Waste Facility in August 2019
- Maddington Waste Facility experiencing encouraging activity levels towards the end of FY20
- Construction of the Gingin Landfill Facility commenced with the bulk earthworks completed
- Loss after tax of \$13.8M (\$7.2m pcp) largely due to one-off expenses associated with the IPO and impairment losses recognised in FY20
- Net assets of \$20.7M and cash of \$4.2M as at the end of FY20

IPO RAISING
\$19.5_M

NET ASSETS
\$20.7_M

CASH
\$4.2_M



Managing Director's Report

I am pleased to present the Company's first annual report to shareholders.

The last 12 months have been a transformational year for M8 Sustainable, underpinned by the successful completion of our Initial Public Offering listing in December, which resulted in the Company raising \$19.5 million and welcoming a number of institutional and sophisticated investors to our register.

The Company operates a metropolitan construction and demolition waste processing facility in Maddington, while our key growth asset is a major new bioreactor landfill facility at Gingin in Perth's north, currently under construction.

The C&D market outlook is very encouraging, supported by Federal and State Government grants for new home builders and renovations and a comprehensive infrastructure spend across Western Australia.

The next 12 months will be focused on establishing Maddington as a leading waste management facility,

completing construction and commissioning of Gingin and delivering long-term shareholder value.

Review of Operations

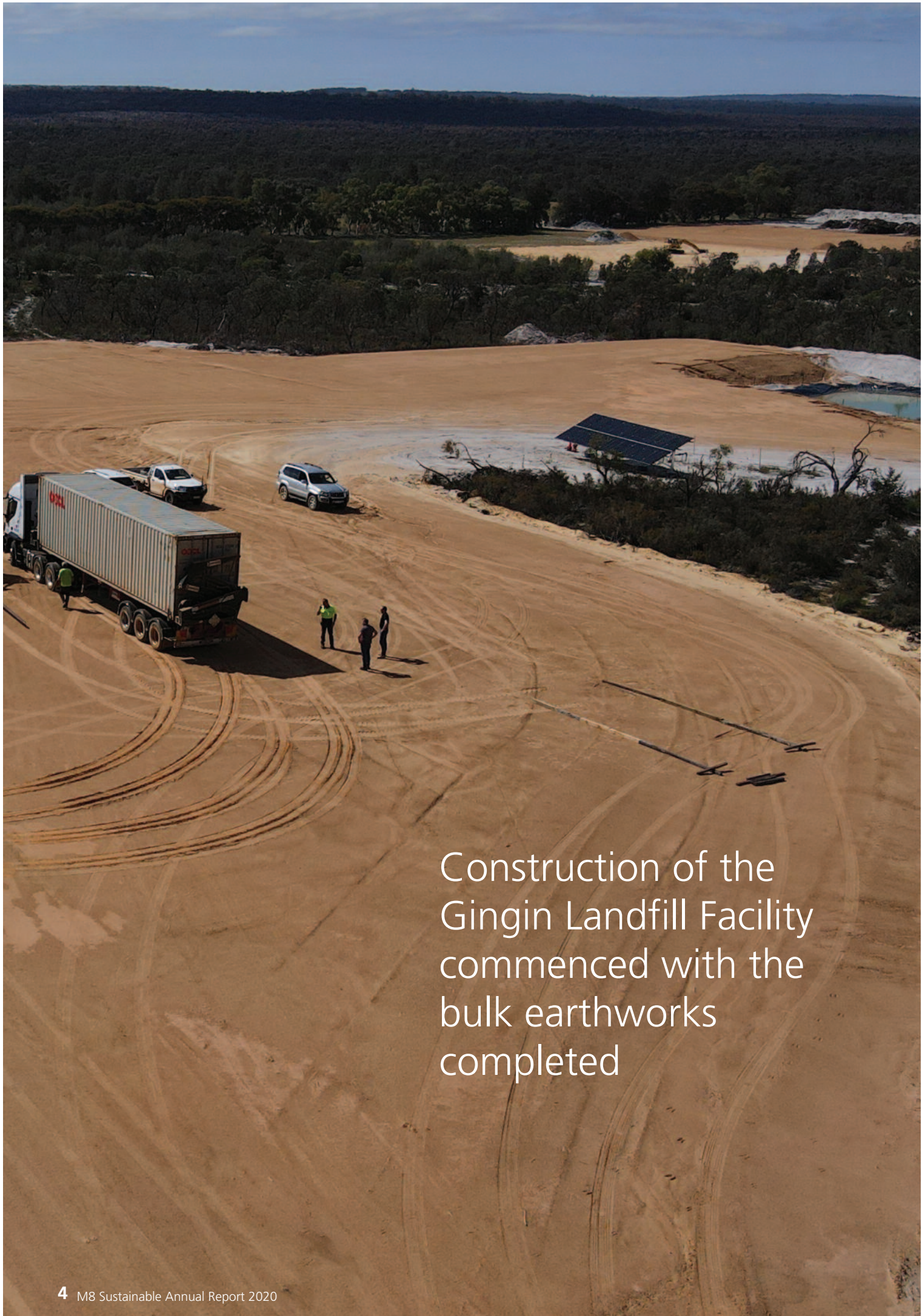
Financial Performance

For the financial year ended 30 June 2020, the Group incurred a loss after tax from ordinary activities of \$13,794,138 (\$7,230,316 for the prior corresponding period). The result was significantly impacted by one-off expenses associated with the IPO and impairment losses recognised at 30 June 2020.

The IPO listing resulted in one-off net expenses of \$5,646,934, with \$1,961,444 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.





Construction of the
Gingin Landfill Facility
commenced with the
bulk earthworks
completed

Managing Director's Report (continued)

As a result of pressures associated with COVID-19, which impacted activity volumes and competition within the Commercial and Industrial (C&I) waste sector, the Group undertook an impairment assessment at 30 June 2020 and determined that the carrying value of the Maddington site exceeded the recoverable value. As a consequence, the Group recorded an impairment loss of \$2,245,501 which was segmented as follows - Property, Plant and Equipment: \$979,699 and Right-of-use Assets: \$1,265,802

Maddington

Following a significant remediation program, the Company's waste recycling facility in Maddington was recommissioned on 1 July 2019 and commenced receiving waste in August 2019. Revenue for Maddington totalled \$1,399,130 compared to \$87,181 for the prior corresponding period. A significant factor for the difference in revenue was that Maddington did not process waste in the prior corresponding period.

The Group's operations at Maddington were negatively impacted during the period by:

- COVID-19, which significantly reduced volumes of waste received in March, April and May 2020.

- Competitive pressures within Commercial and Industrial (C&I) waste, a low volume-high value waste stream

The table below shows activity levels at the Maddington facility since it re-opened in August 2019 to the end of the reporting period.

Due to competitive pressures in the C&I waste sector, a change of strategy was implemented to concentrate on C&D which led to improved margins and a reduction in landfill disposal costs.

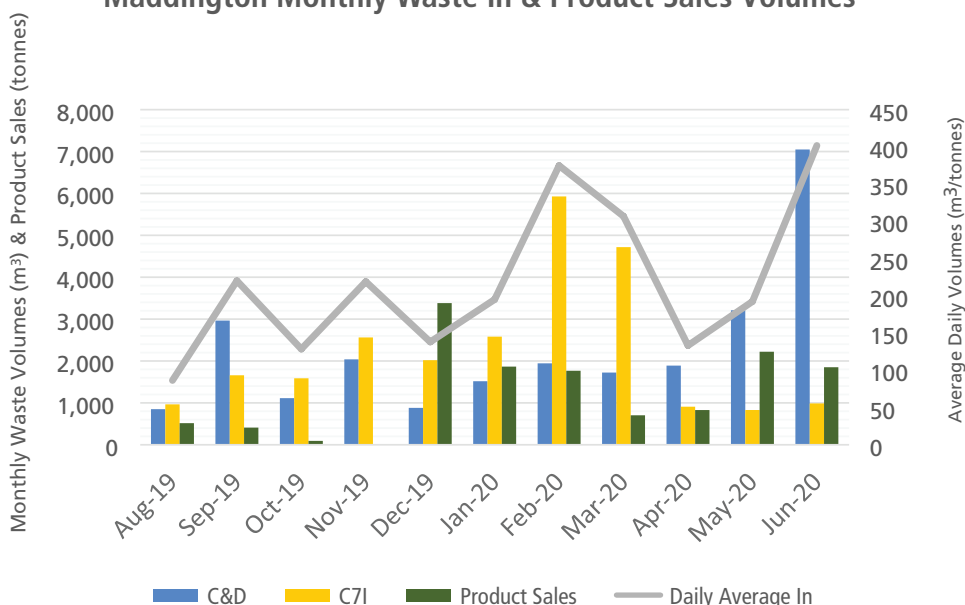
Importantly, the Company has experienced improved activity levels in C&D for the last 2 months of the reporting period and into the new financial year as the Company continues to push marketing initiatives to grow Maddington's revenue.

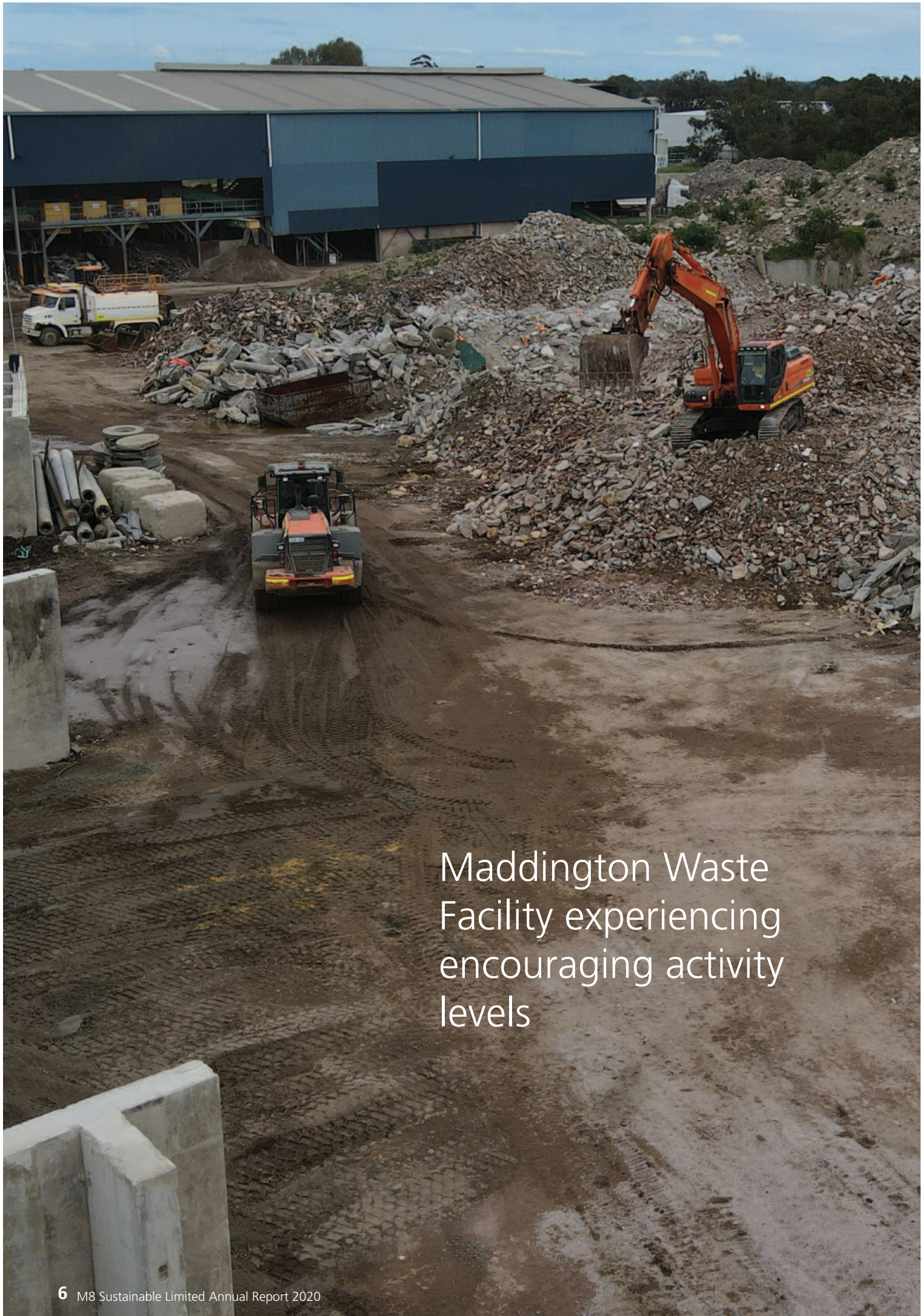
Gingin

Site works at the Company's fully permitted landfill facility at Gingin WA commenced in early April 2020. The bulk earthworks have been completed and the Shire of Gingin issued a substantial commencement certification - a major milestone for the project.

The cell liners have been ordered and delivered to site. It is expected that the liner installation will commence in early 2021.

Maddington Monthly Waste In & Product Sales Volumes





Maddington Waste Facility experiencing encouraging activity levels

Managing Director's Report (continued)

The facility is anticipated to be completed by mid-2021 calendar year.

Brockway

The Brockway Waste Treatment Facility, which is owned by Star Shenton Energy Pty Ltd, continued to generate revenue for the Company by the provision of management services.

COVID-19

The Group carefully monitored the COVID-19 crisis and acted quickly to assess and implement necessary processes and established short-term strategies focused on safeguarding the key assets of the business, lowering operational costs and ensuring business continuity. As outlined above waste volumes received at Maddington were particularly impacted for the months of March, April and May.

Safety

It was pleasing to note that during the reporting period, the Company achieved an excellent safety result with no lost time injuries recorded. The safety of all its employees remains a high priority for the Company.

Outlook

The WA government has undertaken initiatives in the construction and infrastructure industries to boost the

state economy, which is expected to result in continued activity in the C&D waste recycling sector. Expenditure on infrastructure in WA is likely to be higher on the back of initiatives undertaken by various local councils. These initiatives are expected to result in improved levels of activity in the Company's target markets. However, given the market uncertainties resulting from the pandemic impacts, it is not possible to provide full year guidance.

Acknowledgments

I would like to acknowledge the support received from my fellow Board members and thank the management team and every person across the Company for their contribution in what has been a challenging year.

On 14 October 2020, Robert McKinnon and Richard Allen resigned as directors of the Company.

I would like to acknowledge and thank Bob and Richard for their valuable contribution over the past year, particularly in relation to the initial public offering made by the Company, its eventual listing on the ASX and the formative period following the listing. Their experience and guidance through the IPO, which has set us up for growth, has been invaluable.

Tom Rudas

Managing Director



M8 Businesses



Maddington

A specialised waste and recycling facility focussing on construction and demolition (C&D) and commercial and industrial (C&I) waste with an approved annual licensed capacity of 500,000 tonnes per annum

M8 Businesses (continued)



Gingin

A fully permitted landfill facility with a licensed capacity of 150,000 tonnes per annum – currently under construction



Brockway

A composting/digestive waste facility owned by a third party to which M8 provides management services

Board of Directors

Robert McKinnon
*Independent
Non-Executive Chairman¹*



Tom Rudas
Managing Director



Richard Allen
*Independent
Non-Executive Director¹*



Mark Puzey
*Independent
Non-Executive Director*



Saithsiri Saksitthisereekul
Non-Executive Director



Particulars of each director's qualifications, special responsibilities, experience and other directorships are set out on pages 12 to 13 of this Annual Report

¹ Messrs McKinnon and Allen resigned as directors of M8 Sustainable Limited on 14 October 2020.

Financial Report

for the year ended 30 June 2020



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Directors' Report

The Directors present their report together with the consolidated financial report for M8 Sustainable Limited (the Company) and its controlled entity (the Group) for the year ended 30 June 2020.

1. DIRECTORS

Information on Directors

The directors of the Company at any time during or since the end of the financial year and up to the date of this report are:

Name, qualifications, independence status and special responsibilities

Robert McKinnon

FCPA, FGIA, FCG, MAICD
Independent Non-executive Chairman
Chairman of Nomination Committee
Member of Audit and Risk and Remuneration Committees

Experience and other directorships

Mr McKinnon was appointed as a director and Chairman of the Company on 9 December 2019. He has 40 years' experience in finance and general management positions in the light manufacturing and industrial sectors in Australia, New Zealand and Canada. He is the former managing director of Austal Ships and Fleetwood Corporation Limited and spent 28 years with Capral Aluminium (formerly Alcan Australia) in various financial and senior executive positions. Mr McKinnon currently serves as non-executive chairman of IAS Group and non-executive director of Peet Limited. Mr McKinnon was also previously a non-executive director of Bankwest until November 2012, chairman of the Esperance Port Authority until September 2014, non-executive director of Programmed Maintenance Services Limited until October 2017 and Tox Free Solutions Limited until May 2018.

Mr McKinnon held the following other listed company directorships during the past 3 financial years:

Peet Limited (ASX): PPC – May 2014 to current

Tox Free Solutions Limited – July 2010 to May 2018

Programmed Maintenance Services Limited – November 2014 to October 2017

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.

He was also the founder and managing director of a public wastetechnology 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 on 21 June 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 3 financial years.

Tomasz Jacek Rudas

BSc (Hons), MBA Managing Director
Member of Nomination Committee

Directors' Report (continued)

1. DIRECTORS (continued)

Information on Directors (continued)

Richard Peter Allen

BEng (Civil), MAICD
Independent Non-executive Director
Chairman of Remuneration Committee
Member of Audit and Risk and Nomination Committees

Mr Allen was appointed as a director of the Company on 9 December 2019. He has held a wide range of senior business roles with over 30 years' experience as both Executive and Non-Executive Director in listed and private sectors in Australia, Asia and the Middle East.

Mr Allen has extensive experience in the international offshore marine oil and gas industries, having spent over 20 years working locally and internationally with Baroid Drilling Fluids Inc (acquired by Halliburton).

Mr Allen was the founder of Renewable Heat & Power Limited and its wholly owned subsidiary Plantation Energy Australia Pty Ltd which is one of the largest producers of biomass fuel pellets in the southern hemisphere.

Mr Allen has served as the Managing Director of Tox Free Solutions Limited from listing until 2004, Non-Executive Chairman of Mo- bilarm Limited until March 2012, and Non-Executive Director of Tox Free Solutions Limited from 2005 until May 2018 and is currently a Director of Renewable Heat & Power Limited.

Mr Allen held the following other listed company directorships during the past 3 financial years:

Tox Free Solutions Limited – January 2005 to May 2018

Mark Robert Puzey

BCom, FCA, FAICD
Independent Non-executive Director
Chairman of Audit and Risk Committee
Member of Remuneration and Nomination Committees

Mr Puzey was appointed as a director of the Company on 9 December 2019. He is a Chartered Accountant with over 30 years of experience with a broad base of financial skills in a variety of industries having spent 33 years with KPMG, including 18 years as a partner. Mr Puzey's role at KPMG included risk advisory, internal and external audit, IT advisory and management consulting experience in Australia, Asia and London.

He is currently a Non- Executive Director of Gold Corporation and DUG Technology Limited.

Mr Puzey held the following other listed company directorships during the past 3 financial years:

DUG Technology Limited (ASX: DUG) – 9 June 2020 to current

Saithsiri Saksitthisereekul

MBA
Non-executive Director
Member of Remuneration and Nomination Committees

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 SBANG Sustainable Energies Limited (SBANG). SBANG 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.

Mr Saksitthisereekul held no other listed company directorships during the past 3 financial years.

Damien Craig Flugge

Executive Director
(resigned 9 December 2019 as a director)

Mr Flugge was appointed as a director of the Company on 15 August 2017. He has over 20 years' experience in management and operational roles with an extensive and diverse business and operational background from involvement in the family farming operations. Mr Flugge was also involved in management and ownership of various hospitality ventures in Australia and overseas.

Mr Flugge held no other listed company directorships during the past 3 financial years.

Directors' Report (continued)

1. DIRECTORS (continued)

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	Number of Performance Rights
R McKinnon	-	800,000
T Rudas	2	3,000,000
R Allen	-	600,000
R Puzey	-	600,000
S Saksitthisereekul (1)	83,215,038	600,000

(1) Mr Saksitthisereekul is the managing director and a shareholder of SBANG which holds 83,215,038 ordinary shares in the Company. All shares held by SBANG are escrowed – 59,357,999 until 11 December 2020 and 23,857,039 until 11 December 2021.

During the 2019/20 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 except as follows:

- Mr Rudas has entered into an employment contract with the Company;
- Messrs McKinnon, Allen and Puzey had entered into consultancy agreements with the Company until it was admitted to the official list of the ASX on 11 December 2019; and
- In March 2020, the Group awarded a contract for the construction of a landfill facility at Gingin WA with a value of \$9.6 million to SBANG Corporation Limited, a wholly owned subsidiary of SBANG, where Mr Saksitthisereekul is also a director.

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 2020 and the number of meetings attended by each director:

Board Member	Held	Board of Directors	
		Eligible to Attend	Attended
R McKinnon	15	9	9
T Rudas	15	15	15
R Allen	15	9	9
M Puzey	15	9	9
S Saksitthisereekul	15	15	11
D Flugge	15	6	6

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) As part of its review of corporate governance practices, the Directors formalised separate board committees as follows:

- Audit and Risk – established 29 May 2020
- Remuneration – established 24 June 2020
- Nomination – established 24 June 2020

Prior to their establishment, the committee functions were undertaken by the board of directors. No board committee meetings were held during the reporting period.

2. PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was receiving and recycling of Commercial & Industrial (C&I) and Construction & Demolition (C&D) waste at its Maddington Waste Facility. Following a significant remediation program, Maddington was re-commissioned on 1 July 2019 and commenced receiving waste in August 2019.

Directors' Report (continued)

2. PRINCIPAL ACTIVITIES (continued)

The Company also provided operations and maintenance services to the Brockway recycling facility at Shenton Park which is owned by Star Shenton Energy Pty Ltd.

The Group commenced development of the Gingin landfill facility.

3. CONSOLIDATED RESULTS

	Year ended 30 June 2020	Year ended 30 June 2019
Revenue from contracts with customers	1,982,576	683,466
Loss before income tax	(14,466,979)	(7,244,802)
Income tax benefit	672,841	14,486
Loss for the year from continuing operations	(13,794,138)	(7,230,316)

4. DIVIDEND PAID OR RECOMMENDED

During the financial year, the Group did not declare or pay any dividends (2019: Nil).

5. REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Operations

For the financial year ended 30 June 2020, the Group incurred a loss after tax from ordinary activities of \$13,794,138 (\$7,230,316 for the prior corresponding period). The result was significantly impacted by expenses associated with the Initial Public Offering (IPO) in December and impairment losses recognised at 30 June 2020.

The IPO listing resulted in associated net expenses of \$5,646,934, with \$1,961,444 of this amount incurred as cash expenses, slightly lower than the forecasted amount of \$2 million 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 – the Company's largest shareholder and the issue of share options to the IPO lead manager.

Following a significant remediation program, the Company's waste recycling facility at Maddington was re-commissioned on 1 July 2019 and commenced receiving waste in August 2019. Revenue for Maddington totalled \$1,399,130 compared to \$87,181 for the prior corresponding period. A significant factor for the difference in revenue was that Maddington did not process C&D waste in the prior corresponding period.

The Group's operations at Maddington were negatively impacted during the period by:

- COVID-19, which significantly reduced volumes of waste received particularly in March, April and May 2020.
- competitive pressures within C&I waste, a low volume-high value waste stream.

As a result of these pressures, the Group undertook an impairment assessment at 30 June 2020 and determined that the carrying value of the Maddington site exceeded its recoverable value. As a consequence, the Group has recorded an impairment loss of \$2,245,501 which is set out in the following table:

	Property, Plant and Equipment \$	Right-of-use Assets \$	Total \$
Maddington	979,699	1,265,802	2,245,501

The Group has carefully monitored the COVID-19 crisis and has established short-term strategies focused on safe-guarding the key assets of the business, lowering operational costs and ensuring business continuity. This included a 25% salary reduction for an initial 2-month period for the Board, management and administrative staff which commenced in April 2020. In June, the salary reductions were revised whereby Directors' fees and executive salaries, except for administrative staff, were reduced by 10% with an additional 10% deferred, with the Board reviewing the reduction on a monthly basis.

Directors' Report (continued)

5. REVIEW OF OPERATIONS AND FINANCIAL RESULTS (continued)

Notwithstanding the impairment recorded, the Group has noted encouraging signs of improved activity levels in C&D, a high volume-low value waste stream, at the end of the financial year and into the new year. The Company continues to focus its attention on marketing initiatives to grow the revenue at Maddington.

The Company's operations and maintenance contract for the Brockway facility continues to generate revenue.

Site works at the Group's fully permitted Gingin Landfill Facility commenced in early April 2020. Bulk earthworks have been completed and the Shire of Gingin has issued a substantial commencement certification - a major milestone for the project.

Key development work at the landfill site has identified significant sand deposits suitable for the construction industry. The Group is in the process of obtaining a sand mining license. This provides a logistics opportunity for sand to be transported from Gingin to the Maddington facility to be sold as both a bulk and retail product.

The Group has applied for a license to process green waste at Gingin. A hardstand measuring 2,500 square metres is being constructed to receive the green waste.

Following the successful IPO, the Group's balance sheet as at the end of the reporting period showed net assets of \$20,706,997 with a cash position of \$4,164,270.

Corporate

Initial Public Offering (IPO)

The Company successfully completed its IPO during December 2019 after raising the maximum amount of \$19,500,000. Trading in the Company's shares commenced on 11 December 2019. At listing the Company had 233,229,835 fully paid ordinary shares, 20,000,000 options and 10,000,000 performance rights on issue. The Company's largest shareholder SBANG held 35.68% of the issued shares as at 30 June 2020.

Constitution

On 26 November 2019 a general meeting of shareholders of the Company approved a replacement Constitution required for a listed public company and reflected the current provisions of the Corporations Act and ASX Listing Rules.

Issue of Promoter Shares

During the first half of the financial year ended 30 June 2020, the Company issued a total of 17,965,945 fully paid ordinary shares for nil consideration to promoters of the Company (related to the IPO), which included 7,115,038 shares issued to SBANG.

Performance Rights

On 26 November 2019, a general meeting of shareholders of the Company approved the granting of a total of 7,100,000 Performance Rights (PRs) to the following related parties of the Company - Messrs Robert McKinnon (800,000 PRs), Tomasz Rudas (3,000,000 PRs), Richard Allen (600,000 PRs), Mark Puzey (600,000 PRs), Saithsiri Saksithisereekul (600,000 PRs) and Damien Flugge (1,500,000 PRs).

On 4 December 2019, as part of the Company's IPO, a total of 10,000,000 approved PRs were issued. Apart from the PRs outlined above, 2,900,000 PRs were issued to management of the Company.

Options

On 4 December 2019, as part of the Company's IPO, 20,000,000 options were issued to the lead manager, Canaccord Genuity (Australia) Pty Ltd and its nominees, Nascent Capital Partners Pty, Ratatat Investments Pty Ltd, Merchant Funds Management Pty Ltd, Melshare Nominees Pty Ltd, and Munin Serbpongpan.

SBANG Loan Facilities

SBANG provided the Company with two secured loan facilities of \$10,000,000 (on 7 February 2018) and \$4,000,000 (on 15 July 2018) as well as a convertible note facility of \$6,000,000 (on 15 November 2018).

In the current period prior to the IPO, there was a drawdown of \$1,749,000 on the convertible note facility.

On 21 October 2019, accrued interest of \$1,076,667 was paid in cash to SBANG.

The full principal amount of the \$4,000,000 facility and a further \$4,000,000 principal amount of the \$10,000,000 facility were converted to 51,282,051 fully paid ordinary shares on 10 July 2019.

Directors' Report (continued)

5. REVIEW OF OPERATIONS AND FINANCIAL RESULTS (continued)

On 4 December 2019, the Company issued additional shares to SBANG as part of the settlement of the loan and convertible note in line with the provisions of the prospectus. Loans amounting to \$7,600,000 ((\$6,000,000 of remaining loan principal and \$1,600,000 of convertible note) were settled through the issue of 48,717,949 fully paid ordinary shares. The settlement of the loan via a share issue resulted in a loss of \$1,692,308 being incurred.

On 3 September 2019, SBANG provided a new \$4,000,000 loan facility. The loan will be interest bearing at 10% p.a. and has a two-year term. Shareholders at the Annual General Meeting held on 5 June 2020 approved the granting of security in favour of SBANG for the loan. This new loan facility remains undrawn as at the date of this report.

On 11 December 2019, the remaining SBANG loan amounting to \$4,400,000 plus accrued interest of \$1,255,333 was repaid in full.

Termination of Bonus Incentives

Certain bonus incentive clauses in contracts with employees were terminated on 4 and 13 September 2019 (see Note 6).

Termination of Directors' Indemnity

On 5 September 2019 the Company terminated the directors' indemnity agreement relating to unpaid superannuation guarantee penalties (see Note 27(vi)).

Settlement of Flugge Superannuation Fund Loan

The amount due to a related party as at 30 June 2019 represented a \$435,124 loan payable to the Flugge Superannuation Fund (a related party of Damien Flugge, who resigned as a director on 9 December 2019) which was interest bearing at 10% per annum, secured against all present and after-acquired property and repayable upon demand. The Company settled this loan by way of issuing 2,229,709 fully paid ordinary shares on 4 December 2019.

Annual General Meeting

On 5 June, the Company held its first Annual General Meeting of shareholders.

Matters considered included the election of Messrs McKinnon, Allen, Puzey and Saksitthisereekul as directors of the Company, the appointment of Ernst & Young as auditor of the Company and the granting of security to SBANG in relation to a loan facility of up to \$4 million which SBANG had undertaken to provide to the Company. All resolutions considered were passed and decided by poll.

6. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

In July 2020, the WA state government announced \$20 million of funding to encourage the recycling of plastic and tyre waste. The federal government has agreed to match the WA government's initiative. Expressions of interest are being sought to establish new plastic and tyre recycling facilities. The Company is actively pursuing initiatives and identifying opportunities in this area as well as the possibility of accessing government funding.

The WA government has undertaken initiatives in the construction and infrastructure industries to boost the state economy which is expected to result in continued activity in the C&D waste recycling sector. Expenditure on infrastructure in WA is likely to be higher on the back of initiatives undertaken by various local councils. A state-wide Construction Panel has been established to expedite the delivery of projects across WA. The federal government announced its "Home Builder" plan to stimulate the residential construction industry. On 7 June 2020, the WA state government announced its own stimulus package whereby eligible homebuyers could qualify for cash grants. Additionally, WA Main Roads is fast-tracking the tendering process for projects worth \$2.37 billion. Building on the successful METRONET Railcar Manufacturing and Assembly facility, currently under construction in Bellevue, the WA government has announced an additional \$40.1 million to build a new diesel railcar maintenance facility.

In light of these initiatives, which have the potential to positively impact the Company's C&D recycling business, the Group expects a steady improvement in new home building renovation and demolition activities.

7. EARNINGS PER SHARE

Basic loss per share for the year ended 30 June 2020 was \$0.08. This compares to a basic loss from per share of \$2.93 for the previous year. During the financial year, the Group did not declare or pay any dividends (2019: \$Nil).

Directors' Report (continued)

8. SIGNIFICANT CHANGES IN THE COMPANY'S AFFAIRS

All significant changes in the state of affairs of the Group during the financial year are discussed as detailed above under corporate and below under events arising since the end of the reporting period.

9. EVENTS SUBSEQUENT TO REPORTING DATE

With the exception of the transactions noted below, no material transactions have occurred since 30 June 2020 and the date of the approval of the financial statements which the Directors consider require disclosure.

The Company is progressing with the construction of the landfill project and has placed an order to procure the liners for the first cell at a cost of \$589,683 excluding GST.

10. REMUNERATION REPORT – Audited

The Remuneration Report contains the following sections:

- 10.1 Directors and Executive Key Management Personnel (KMP) Covered in this Report
- 10.2 Remuneration Governance
- 10.3 Use of Remuneration Consultants
- 10.4 Overview of Company Performance
- 10.5 Executive Remuneration Strategy and Framework
- 10.6 FY20 Performance Incentive Outcomes for Executives
- 10.7 FY20 Executive Remuneration Paid and Accrued
- 10.8 Service Contracts
- 10.9 Non-Executive Directors' Remuneration
- 10.10 Other – KMP Disclosures

10.1 Directors and Executive KMP Covered in this Report

Name	Position
Directors	
Robert McKinnon	Non-Executive Chairman (appointed 9 December 2019)
Tomasz Rudas	Managing Director (MD)
Mark Puzey	Non-Executive Director (appointed 9 December 2019)
Richard Allen	Non-Executive Director (appointed 9 December 2019)
Sathsiri Saksitthisereekul	Non-Executive Director
Damien Flugge	Executive Director (resigned as a director on 9 December 2019)
Executive KMP	
Vijay Joshi	Chief Financial Officer (CFO)
Damien Flugge ¹	General Manager
John Colli	Company Secretary

¹ Damien Flugge resigned as a director on 9 December 2019 but continued as a KMP as General Manager

10.2 Remuneration Governance

The Remuneration Committee is a committee of the Board. It assists the Board in fulfilling its responsibilities relating to the remuneration of Directors, the remuneration of, and incentives for the MD and other Executive KMP, and remuneration practices, strategies and disclosures generally. The Remuneration Committee also reviews gender pay equity.

It is critical that the Remuneration Committee is independent of management when making decisions affecting employee remuneration. Accordingly, the Remuneration Committee is comprised solely of Non-Executive Directors, majority of whom are independent. As the Company listed on the ASX in December 2019, it is still in the process of reviewing various governance matters. Accordingly, the Remuneration Committee, as a separate committee of the board, was established in June 2020.

A critical objective of the Remuneration Committee is to ensure that remuneration policies and structures are fair, competitive and aligned with the long-term interests of the Group. In doing this, the Remuneration Committee will seek assistance from independent remuneration consultants as required.

Directors' Report (continued)

10.2 Remuneration Governance (continued)

The Corporate Governance Plan and the Remuneration Committee Charter provide further information on the role of the Remuneration Committee. These can be viewed on the Group's website www.m8sustainable.com.au under the tab – Investors, Corporate Governance.

10.3 Use of Remuneration Consultants

During the year, no external remuneration consultants were engaged. As the Company grows, external consultants will be engaged to help formulate the appropriate executive remuneration framework for the Company.

10.4 Overview of Company Performance

The table below sets out information about the Group's earnings and movements in share price from incorporation and including the current financial year.

	2020	2019	2018
Loss after income tax (\$)	13,794,138	7,230,316	1,779,198
Share price at year end (\$)	0.09	N/A	N/A

10.5 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:

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

As a newly listed entity, the Remuneration Committee is developing a more fulsome remuneration framework that will be market competitive and complementary to the reward strategy of the organisation. In doing so, it will be referenced to 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 Group, the balance of this mix will shift to a higher proportion of 'at risk' rewards.

The executive remuneration framework consists of two key elements:

- Fixed Annual Remuneration (FAR)
- Performance Incentive Remuneration (PIR)

The Company's remuneration policy is to position FAR at the 50th percentile of the market data. A benchmarking review will be undertaken during FY21 to ensure the KMPs are appropriately remunerated.

10.6 FY20 Performance Incentive Outcomes for Executives

PIR consists of Performance Rights issued by the Company on 4 December 2019 (see section 10.10).

Directors' Report (continued)

10.7 FY 20 Executive Remuneration Paid and Accrued

	Short-term Benefits		Post-employment benefits	Leave benefits	Share-based payment	Performance related benefit	Other non-monetary benefits ⁵	Other non-monetary benefits ⁶	Total	
	Bonus	Non-monetary benefits ¹								
	2020	2020	2020	Annual and long service leave ³	Rights ⁴	Sub Total	%	\$	\$	
Salary	\$	\$	\$	\$	\$	\$	%	\$	\$	
Executive Director										
Tomasz Rudas – Managing Director	243,923	-	2,850	19,238	87,385	374,399	23	(357,394)	(246,157)	(229,152)
Other Executive KMP										
Damien Flugge – Executive Director	196,039	-	22,471	15,395	43,693	296,525	15	(357,393)	(246,157)	(307,025)
Vijay Joshi – Chief Financial Officer	196,039	-	19,222	15,395	59,713	309,296	19	(357,393)	-	(48,097)
John Colli – Company Secretary	176,808	-	-	15,395	2,913	212,216	1	-	-	212,216
	812,809	-	44,543	65,423	193,704	1,192,436		(1,072,180)	(492,314)	(372,058)

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.

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.

⁴ Rights are not yet vested against the share-based payment recognised above.

⁵ The cost of bonus shares and cash bonuses which were rescinded during the year.

⁶ Director and Executive indemnity was cancelled during the year.

⁷ Resigned as a Director on 9 December 2019 prior to becoming the Company's General Manager.

As a result of the impact on the Company caused by the COVID-19 crisis, Executive salaries were reduced by 25% for a 2-month period commencing in April 2020, less the Jobkeeper allowance which was passed on to the Executives. In June 2020, the fees were revised whereby the reduction was 10% with an additional 10% deferred, with the Board reviewing the reduction on a monthly basis.

Directors' Report (continued)

10.8 Service Contracts

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

Remuneration and other forms of employment for the MD, CFO and other Executive KMP are also 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 ²	Termination benefit ³
Tomasz Rudas	5 years ¹	N/A	6 months	\$250,000	\$136,875
Vijay Joshi	5 years ¹	N/A	6 months	\$200,000	\$109,500
Damien Flugge	5 years ¹	N/A	6 months	\$200,000	\$109,500
John Colli	No fixed term	3 months	3 months	\$200,000	\$ 54,750

¹ The contract commenced on 1 September 2017 for a term of 5 years and may be extended by the Company for a further 5 years by giving notice at any time during a 2-year period prior to the expiry of the initial 5-year term.

² Base salaries (including FAR rights) are quoted for the year ended 30 June 2020. They are reviewed annually by the Remuneration Committee and exclude superannuation.

³ Termination benefits are payable on early termination by the Group, other than for gross misconduct. Unless otherwise indicated they are equal to base salary (including FAR rights and superannuation) for the notice period.

10.9 Non-Executive Directors' Remuneration

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. Current approved fees:

	Board fees including committee fees and superannuation obligations
	\$
Chair	150,000
Non-Executive Directors	75,000

Superannuation contributions required under the Australian superannuation guarantee legislation continue to be made and are deducted from the Directors' overall fee entitlements.

As a result of the impact on the Company caused by the COVID-19 crisis, Non-Executive Directors' fees were reduced by 25% for a 2-month period commencing in April 2020. In June 2020, the fees were revised whereby the reduction was 10% with an additional 10% deferred, with the Board reviewing the reduction on a monthly basis.

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.

Directors' Report (continued)

10.9 Non-Executive Directors' Remuneration (continued)

Details of Non-Executive Directors' remuneration for the year ended 30 June 2020 are set out below:

	Short-term benefits	Post-employment benefits	Share-based payment	Performance related benefit		
	Fees \$				Consultancy Fees \$	Superannuation \$
Current Non-Executive Directors						
Robert McKinnon – Chairman	66,532	17,500	6,321	23,303	113,656	21
Richard Allen – Director	33,925	19,226	3,223	17,477	73,851	24
Mark Puzey – Director	33,266	56,030	3,160	17,477	109,933	16
Saithsiri Saksitthisereekul – Director	36,369	-	-	17,477	53,846	32
	170,092	92,756	12,704	75,734	351,286	

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

Messrs McKinnon, Puzey and Allen entered into consultancy agreements with the Company on March 2019, January 2019 and March 2019 respectively until the Company was admitted to the official list of the ASX on 11 December 2019. Details of consultancy fees paid are set out in the financial statements in Note 27 Related Party Transactions.

Rights are not yet vested against the share-based payment recognised above.

10.10 Other – KMP Disclosures

KMP – Option Holdings

No KMP held any options for the financial year ended 30 June 2020.

KMP – Shareholdings

The movement during the financial year ended 30 June 2020 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 2019	Purchases/ Acquired	Conversion of Performance Rights	Sales/ Transferred	Held at Resignation/ Retirement	Held at 30 June 2020
Robert McKinnon (appointed 9 December 2019)	N/A	-	-	-	-	-
Tomasz Rudas	2	-	-	-	-	2
Richard Allen (appointed 9 December 2019)	N/A	-	-	-	-	-
Mark Puzey (appointed 9 December 2019)	N/A	-	-	-	-	-
Saithsiri Saksitthisereekul ¹	-	107,115,038	-	23,900,000	-	83,215,038
Damien Flugge	98	-	-	-	-	98
Vijay Joshi	-	2,800	-	2,800	-	-
John Colli	-	15,000	-	-	-	15,000

¹ Mr Saksitthisereekul is the managing director and a shareholder of SBANG which holds 83,215,038 ordinary shares in the Company. All shares held by SBANG are escrowed – 59,357,999 until 11 December 2020 and 23,857,039 until 11 December 2021. All share movements occurred in the period prior to the Company being admitted to the official list of the ASX.

Directors' Report (continued)

10.10 Other – KMP Disclosures (continued)

KMP – Rights Holdings

The Company agreed, subject to shareholder approval, to issue 9,250,000 Performance Rights to KMPs of the Company. The grant of the Performance Rights was approved by shareholders at a general meeting held on 26 November 2019. Upon listing of the Company on the ASX, the Performance Rights were issued to all KMPs.

Name	Held at 1 July 2019	Issued	Conversion of Performance Rights	Sales/ Transferred	Held at Resignation/ Retirement	Held at 30 June 2020
Robert McKinnon (appointed 9 December 2019)	-	800,000	-	-	-	800,000
Tomasz Rudas	-	3,000,000	-	-	-	3,000,000
Richard Allen (appointed 9 December 2019)	-	600,000	-	-	-	600,000
Mark Puzey (appointed 9 December 2019)	-	600,000	-	-	-	600,000
Saithsiri Saksitthisereekul	-	600,000	-	-	-	600,000
Damien Flugge	-	1,500,000	-	-	-	1,500,000
Vijay Joshi	-	2,050,000	-	-	-	2,050,000
John Colli	-	100,000	-	-	-	100,000

For each grant of Performance Rights for a right to acquire ordinary shares, the details of the award are set out in the table below. The minimum value of the Rights yet to vest is nil, as the Rights will be forfeited if the vesting conditions are not met. The maximum value of the Rights yet to vest is determined as the amount of the grant date fair value that is yet to be expensed.

Directors' Report (continued)

10.10 Other – KMP Disclosures (continued)

KMP – Rights Holdings (continued)

Name	Date granted ¹	Number granted	Share price at date of grant (\$) ²	Vested %	Vested number	Performance Qualified %	Forfeited % ³	Number of Rights which may vest to shares		Estimated maximum value yet to be recognised (\$)
								FY 21	FY 22	
Directors										
R McKinnon	26.11.2019	800,000	0.20	-	-	-	-	400,000	400,000	136,697
T Rudas	26.11.2019	3,000,000	0.20	-	-	-	-	1,500,000	1,500,000	512,615
R Allen	26.11.2019	600,000	0.20	-	-	-	-	300,000	300,000	102,523
M Puzey	26.11.2019	600,000	0.20	-	-	-	-	300,000	300,000	102,523
S Saksitthisereekul	26.11.2019	600,000	0.20	-	-	-	-	300,000	300,000	102,523
Executive KMP										
D Flugge	26.11.2019	1,500,000	0.20	-	-	-	-	750,000	750,000	256,307
V Joshi	04.12.2019	2,050,000	0.20	-	-	-	-	1,025,000	1,025,000	350,287
J Colli	04.12.2019	100,000	0.20	-	-	-	-	50,000	50,000	17,087

¹ Grant of Rights to directors was approved by shareholders at the general meeting held on 26 November 2019. The Rights to Executive KMPs were allotted on 4 December 2019 prior to the Company's listing on the ASX.

² The grant and allotment of Rights occurred prior to the Company's listing on the ASX on 11 December 2019. The estimated fair value of each right at date of issue was \$0.20. The Company's share price on listing was \$0.20.

³ The directors have determined that the performance rights for Classes A, B, C, and D have no probability of achieving the required hurdles.

Directors' Report (continued)

10.10 Other – KMP Disclosures (continued)

KMP – Rights Holdings (continued)

Each KMP received an equal proportion of their total right between the six classes detailed below. The milestones that are required to be achieved for each Performance Right in the relevant class to be converted into one share at the election of the KMP for no consideration are as follows:

Class A Performance Rights: Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the date the Company is admitted to the Official List of ASX (Listing Date), an operating revenue of at least \$20 million in the first 12 months following issue.

Class B Performance Rights: Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, an operating revenue of at least \$40 million in the period commencing on the date which is 12 months following issue and ending on the date which is 24 months following issue.

Class C Performance Rights: Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, earnings before interest, tax, depreciation and amortisation of at least \$5 million in the first 12 months following issue.

Class D Performance Rights: Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, earnings before interest, tax, depreciation and amortisation of at least \$12.5 million in the period commencing on the date which is 12 months following issue and ending on the date which is 24 months following issue.

Class E Performance Rights: Performance Rights will convert into Shares upon the Maddington Facility operating at an annual rate of 210,000 tonnes and/or m3 in the first 12 months following issue.

Class F Performance Rights: Performance Rights will convert into Shares upon the Gingin Facility being fully licensed and operational in the first 24 months following issue. The profitable growth of the Group and the development of the Gingin landfill facility were identified as key performance measures to enhance shareholder value.

Loans to KMP

No KMP was provided with a loan by the Company for the year ended 30 June 2020.

End of the Remuneration Report – Audited

11. ENVIRONMENTAL REGULATIONS AND PERFORMANCE

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

12. PROCEEDINGS ON BEHALF OF THE GROUP

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

13. SHARES OPTIONS

For the financial year and as at the date of this report, the Company had issued 20,000,000 options to acquire shares. All options were issued pursuant to the prospectus for the Company's Initial Public Offering to the lead manager Canaccord Genuity (Australia) Limited.

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.

During the financial year, the Company paid a premium in respect of a contract to insure the directors of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Directors' Report (continued)

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. John Colli was appointed to the position of Company Secretary on 10 December 2018. Mr Colli has over 30 years' experience in secretarial activities of ASX listed companies including being the former company secretary of Coventry Group Ltd (ASX: CYG) for 17 years and the former ASX listed company Challenge Bank Limited.

17. AUDITOR'S INDEMNIFICATION

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, 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 Ernst & Young during or since the financial year.

18. NON-AUDIT SERVICES

Details of the amounts paid or payable to the external auditor of the Group, Ernst & Young, for audit and non-audit services provided during the year are disclosed in Note 25 to the Financial Statements.

The Directors are satisfied that the provision of non-audit services by the external auditor during the financial year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved by the Board to ensure that they do not impact the integrity and objectivity of the auditor.
- all non-audit services were subject to the corporate governance processes adopted by the Group and have been reviewed to ensure that they do not affect the integrity or objectivity of the auditor.

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 33 of this financial report.

Signed in accordance with a resolution of the Directors.



Tomasz Rudas
Managing Director

Dated this 29th day of September 2020

Perth
Western Australia

Directors' Declaration

The Directors of the Company declare that:

1. In the Directors' opinion, the attached consolidated 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 Group as at 30 June 2020 and performance of the Group for the financial year ended 30 June 2020;
2. In the Directors' opinion, there are reasonable grounds to believe that the Group 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 is made in accordance with a resolution of the Directors.



Tomasz Rudas
Managing Director

Dated this 29th day of September 2020

Perth
Western Australia



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Independent auditor's report to the members of M8 Sustainable Limited

Report on the audit of the consolidated financial report

Opinion

We have audited the consolidated financial report of M8 Sustainable Limited (the Company) and its subsidiary (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying consolidated financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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 Group 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 consolidated financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of M8 Sustainable Limited (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 opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial report of the current year. These matters were addressed in the context of our audit of the consolidated financial report as a whole, and informing our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial report.



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Impairment of Receivables

Why significant

The Group generates revenue from operating its waste recycling facility in Maddington, Western Australia and has a contract for the provision of operational and maintenance services to a related party. The majority of sales are on credit terms.

As disclosed in note 14, trade and other receivables was \$1,057,734 at 30 June 2020. The Group is required to assess the recoverability of its trade receivables as at that date.

The recoverability of trade and other receivables was significant to our audit due to the quantum as at year end.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Selected a sample of waste revenue transactions and agreed the consideration to sales invoices and weighbridge tickets to ensure receivables correctly recognised.
- Agreed revenue relating to operational and maintenance services to contracts to ensure receivables were correctly recognised.
- Vouched cash collections post year end to determine that receivables were recoverable.
- Obtained debtor confirmation for the amount receivable from a related party as at year end and obtained a copy of a support letter from a significant shareholder of the Group for the amount outstanding from the related party.
- Assessed the adequacy and completeness of the disclosures within the financial report.

Accounting for share-based payments

Why significant

The Group has issued performance rights to the Directors and management of the Group and options to the Lead Manager as part of the initial public offering ("IPO").

Due to the complex and judgmental estimates used in determining the fair value and, in respect of the performance rights to Directors and management, determining the likelihood of vesting conditions being met, we considered the Group's calculation of the share-based payment expense to be a key audit matter.

The Group's disclosures relating to share-based payments recognised for the year ended 30 June 2020 are included within Note 23 of the financial statements.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Assessed the methodology used by the Group to determine the fair value of the performance rights issued during the period.
- Assessed the Group's basis for determining the probability of achieving the vesting conditions at the end of the reporting period by critically assessing budgets and reports prepared for and as approved by the Board of Directors.
- Obtained copies of independent valuations performed for the options and performance rights issued during the year and assessed the capability of the independent valuer.
- In conjunction with our EY specialists, considered the appropriateness of the key assumptions used in the valuation.
- Ensured the expense was recognised over the appropriate vesting period.
- Assessed the adequacy and completeness of the disclosures within the financial report.



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Accounting for capital raising costs

Why significant

During the year ended 30 June 2020, the Group undertook an initial public offering ("IPO"). The IPO resulted in total costs of \$6,813,227 of which \$1,166,293 was recognised in equity.

This was considered a key audit matter as judgement is required by management to allocate costs related to the IPO between those relating the issuance of new share capital and those that do not. Costs relating to new share capital are allocated directly against equity whilst the remainder are expensed in the profit and loss.

The Group's treatment of IPO related costs is detailed within Note 6.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Vouched significant IPO costs to supporting documentation including contracts and invoices.
- Assessed the valuation of non-cash IPO expenses.
- Assessed the appropriateness of the allocation of IPO related costs to equity and profit and loss in accordance with Australian Accounting Standards.
- Assessed the adequacy and completeness of the disclosures within the financial report.

Impairment of non-financial assets

Why significant

As required by Australian Accounting Standards, the Group assesses at the end of each reporting period whether there are any factors indicating that an asset may be impaired. As at 30 June 2020, an impairment assessment was conducted for the Maddington cash generating units (CGU) and Gingin CGU, resulting in an impairment charge of \$2,245,501 in respect of the Maddington CGU.

Given the significance of the CGU value relative to the Group's total assets and the degree of judgement involved in assessing the recoverable value of the CGU, we consider this a key audit matter.

Key assumptions, judgements and estimates applied in the Group's impairment assessment are set out in Note 10.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Assessed the Group's identification of CGUs and of indicators of impairment
- Assessed the carrying value assigned to each CGU by the Group
- In conjunction with our valuation specialists, examined the Group's impairment model which calculates the value in use of the Maddington CGU and tested the reasonableness of key assumptions including cash flow forecasts considering the accuracy of previous forecasts, forecast capital expenditure, revenue growth and discount rate
- Tested the mathematical accuracy of the impairment model and compared relevant data to supporting documentation
- Recalculated the impairment recognised as the difference between the value in use of the CGU and the net assets of the CGU.
- Assessed the adequacy of the Group's disclosures in respect of asset carrying values, the impairment testing performed and the impairment recognised.

Information other than the consolidated financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report, but does not include the consolidated financial report and our auditor's report thereon.

Our opinion on the consolidated financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the consolidated financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.



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Responsibilities of the Directors for the consolidated financial report

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

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

Auditor's responsibilities for the audit of the consolidated financial report

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial report, including the disclosures, and whether the consolidated financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



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From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 18 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of M8 Sustainable Limited and its subsidiary (the Group) for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Group 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 black ink, appearing to read 'Ernst & Young', with a horizontal line underneath.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Robert A Kirkby', with a horizontal line underneath.

Robert A Kirkby
Partner

Perth, Western Australia

29 September 2020



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working world**

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Auditor's independence declaration to the Directors of M8 Sustainable Limited

As lead auditor for the audit of the financial report of M8 Sustainable Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of M8 Sustainable Limited and the entity it controlled during the financial year.

Ernst & Young

Robert A Kirkby
Partner

29 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2020

	Notes	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Revenue from contracts with customers		1,982,576	683,466
Other income		53,183	397,500
Total income	3	2,035,759	1,080,966
Employee benefits, salaries and wages	4	(2,676,183)	(2,331,961)
Recycling, waste disposal and other site costs	5	(1,496,570)	(197,608)
Rental outgoing and licences fees		(402,915)	(1,377,157)
Insurance costs		(351,950)	(70,335)
Professional fees		(926,334)	(111,812)
IPO related costs	6	(5,646,934)	(1,749,917)
Other expenses	7	(388,974)	(381,389)
Depreciation	8	(1,188,450)	(535,943)
Finance costs	9	(1,178,927)	(1,569,646)
Impairment of non-financial assets	10	(2,245,501)	-
Loss before income tax		(14,466,979)	(7,244,802)
Income tax benefit	11	672,841	14,486
Loss after income tax		(13,794,138)	(7,230,316)
Other comprehensive income		-	-
Total comprehensive loss for the year		(13,794,138)	(7,230,316)

Earnings per share:

• Basic loss per share attributable to ordinary equity holders of the parent (dollars per share)	12	(0.08)	(2.93)
• Diluted loss per share attributable to ordinary equity holders of the parent (dollars per share)	12	(0.08)	(2.93)

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

Consolidated Statement of Financial Position

as at 30 June 2020

	Notes	30 June 2020 \$	30 June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents	13	4,164,270	41,007
Trade and other receivables	14	1,057,734	1,737,320
Prepayments		277,366	55,883
Advances to contractor	15	250,000	-
Total Current Assets		5,749,370	1,834,210
NON-CURRENT ASSETS			
Property, plant and equipment	16	17,214,592	15,616,375
Other non-current assets		406,500	146,000
Right-of-use asset	17	6,136,773	-
Total Non-current Assets		23,757,865	15,762,375
TOTAL ASSETS		29,507,235	17,596,585
CURRENT LIABILITIES			
Trade other payables	18	950,547	1,579,636
Borrowings	19	61,237	20,550,167
Lease liabilities	20	211,067	-
Provisions	21	101,921	1,015,935
Total Current Liabilities		1,324,772	23,145,738
NON-CURRENT LIABILITIES			
Borrowings	19	1,348	20,089
Lease liabilities	20	7,474,118	-
Deferred tax liabilities		-	672,841
Total Non-current Liabilities		7,475,466	692,930
TOTAL LIABILITIES		8,800,238	23,838,668
NET ASSETS / (LIABILITIES)		20,706,997	(6,242,083)
EQUITY / SHAREHOLDERS' DEFICIT			
Share capital	22	41,991,364	2,345,438
Shared-based payment reserve	22	1,519,285	421,993
Accumulated losses		(22,803,652)	(9,009,514)
TOTAL EQUITY / SHAREHOLDERS' DEFICIT		20,706,997	(6,242,083)

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2020

	Issued capital \$	Share-based payment reserve \$	Accumulated losses \$	Total equity \$
Balance as at 1 July 2018	125	233,751	(1,779,198)	(1,545,322)
Loss after tax	-	-	(7,230,316)	(7,230,316)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(7,230,316)	(7,230,316)
Share-based payments	-	188,242	-	188,242
Shares issued	2,345,313	-	-	2,345,313
	2,345,313	188,242	-	2,533,555
Balance as at 30 June 2019	2,345,438	421,993	(9,009,514)	(6,242,083)
Balance as at 1 July 2019	2,345,438	421,993	(9,009,514)	(6,242,083)
Loss after tax	-	-	(13,794,138)	(13,794,138)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(13,794,138)	(13,794,138)
Share-based payments	-	1,097,292	-	1,097,292
Shares issued - IPO	19,500,000	-	-	19,500,000
Shares issued to promoters during the year	2,802,687	-	-	2,802,687
Shares issued to settle loans during the year	18,509,532	-	-	18,509,532
Capital raising costs	(1,166,293)	-	-	(1,166,293)
39,645,926	1,097,292	-	40,743,218	
Balance as at 30 June 2020	41,991,364	1,519,285	(22,803,652)	20,706,997

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2020

Notes	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Cash flows from operating activities		
Loss after income tax	(13,794,138)	(7,230,316)
Adjustment for:		
<i>Non-cash items:</i>		
Depreciation	1,188,450	535,943
Impairment of non-financial assets	2,245,501	-
Loss on disposal of property, plant and equipment	53,479	8,625
Interest expense	1,131,991	1,672,971
Non-cash issuance of promoter's shares	2,802,687	1,230,717
Loss on conversion of SBANG debt	2,463,590	-
Share options – Lead manager (gross)	1,150,000	-
Share options – Lead manager transferred to equity	(480,749)	-
Director indemnity cancelled	(492,311)	-
Director and Executive bonuses rescinded	(1,072,180)	-
Share-based payment expense	291,285	-
Trade receivable settled against loan payable	-	(655,913)
Loss on settlement of loan	-	707,442
<i>Changes in assets and liabilities:</i>		
Decrease/(increase) in receivables and other receivables	679,587	(4,082)
(Increase) in prepayments	(221,483)	(146,035)
(Increase) in advances to contractors	(250,000)	-
(Decrease)/increase in trade payable and other payables	(206,349)	417,887
(Decrease)/increase in provisions	(116,118)	325,641
(Decrease) in deferred tax liabilities	(672,841)	(14,487)
Net cash used in operating activities	(5,299,599)	(3,151,607)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,433,625)	(1,679,757)
Proceeds from sale of fixed assets	107,454	75,000
Deposit for bank guarantee	(260,500)	-
Net cash used in investing activities	(3,586,671)	(1,604,757)
Cash flows from financing activities		
Proceeds from issue of shares	19,500,000	-
Proceeds from short-term loans	565,458	113,636
Proceeds from related party loan	1,410,457	561,137
Proceeds from SBANG Sustainable Energies Ltd loan	-	8,940,000
Proceeds from SBANG Sustainable Energies Ltd – Debt	401,000	-
Proceeds from SBANG Sustainable Energies Ltd – Convertible Note	1,749,000	-
Repayment of short-term loans	(547,364)	(1,012,130)
Repayment of amount due to related party	(1,410,457)	(1,156,325)
Repayment of SBANG Sustainable Energies Ltd loan	(6,590,778)	(2,474,000)

Consolidated Statement of Cash Flows

for the year ended 30 June 2020 (continued)

	Notes	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Repayment of shareholder loan		(50,000)	(100,000)
Repayment of principal portion of lease liabilities		(211,066)	-
Payment of capital raising cost		(685,544)	-
Interest paid		(1,121,173)	(147,518)
Net cash generated from financing activities		13,009,533	4,724,800
Net increase/(decrease) in cash and cash equivalents		4,123,263	(31,564)
Cash and cash equivalents at the beginning of the year		41,007	72,571
Cash and cash equivalents at the end of the financial year	13	4,164,270	41,007

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020

Note 1 General Information

This financial report, which covers the consolidated financial statements of M8 Sustainable Limited (the "Company" or the "Parent") and its subsidiary (collectively the "Group"), was authorised for issue in accordance with a resolution of the Directors on 29 September 2020.

M8 Sustainable Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office is 4C Consulting Pty Ltd, Unit 5, 145 Walcott Street, Mount Lawley WA 6050 and principal place of business is Unit 1, 48 Kelvin Road, Maddington WA 6109.

The principal activity of the Group during the financial year was receiving and recycling of Commercial & Industrial (C&I) and Construction & Demolition (C&D) waste at its Maddington Waste Facility. Following a significant remediation program, Maddington was re-commissioned on 1 July 2019 and commenced receiving waste in August 2019.

The Company also provided operations and maintenance services to the Brockway recycling facility at Shenton Park which is owned by Star Shenton Energy Pty Ltd.

Note 2 Basis of Preparation and Summary of Significant Accounting Policies

a) Basis of preparation

(i) Compliance statement

The consolidated 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 ("IFRS"). The Group 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 consolidated financial statements have been prepared on a historical cost basis.

The accounting policies adopted by the Group 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 2019 (see below) and the adoption of accounting policies during the year relating to new transactions and events, as follows:

- Inventory (see Note 2 (u)); and
- Government Grants (see Note 2 (v)).

The Group has not elected to early adopt any new or amended accounting standard or interpretation that has been issued but is not yet effective.

(ii) Comparative figures

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Certain comparative financial information present in the statement of comprehensive income have been reclassified in this financial report to improve presentation of information. The reclassification results in no net change to the loss for the comparative period.

(iii) New and amended accounting standards and interpretations adopted

The Group has adopted all new or amended standards and interpretations effective from 1 July 2019. The adoption of these new and amended accounting standards and interpretations did not result in any significant changes to the Group's accounting policies, with the exception of the adoption of AASB 16 *Leases* ("AASB 16").

AASB 16

The Group adopted AASB 16 as of 1 July 2019. AASB 16 supersedes AASB 117 *Leases* (AASB 17) and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities with a term of more than 12 months unless the underlying asset is of low value. The depreciation of the lease assets and interest on the lease liabilities are recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 2 Basis of Preparation and Summary of Significant Accounting Policies

a) Basis of preparation

Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at inception as either a finance lease or operating lease. For operating leases, the leased item was not capitalised and the lease payments were recognised in the consolidated income statement on a straight-line basis.

The leases recognised by the Group under AASB 16 predominantly relate to the lease of premises for business operations.

Transition to AASB 16

The Group adopted the new standard using the modified retrospective approach and applied the practical expedient – to use a single discount rate to a portfolio of leases with reasonably similar characteristics and applied the short-term leases exemption to leases with lease terms that end within 12 months of the date of initial application.

Lease liabilities were measured at the present value of future lease payments on the initial date of application, being 1 July 2019. Right of use assets were recognised at an amount equal to the lease liability. In accordance with the transitional provisions of AASB 16, comparative information has not been restated.

Right of use assets and lease liabilities are reflected on the face of the statement of financial position. The principal portion of lease payments, previously included within operating cashflows, is now classified as a financing activity.

The impact of the application of AASB 16 is as follows:

	01 July 2019
	\$
Assets	
Non-current assets	
Right-of-use assets	7,896,251
Liabilities	
Lease liabilities – current	(211,067)
Lease liabilities – non-current	(7,685,184)
	(7,896,251)
Retained Earnings	-
Lease liabilities reconciliation on transition:	
	\$
Operating lease commitments disclosed at 30 June 2019	15,969,208
Less:	
Present value discounting of lease liabilities*	(8,039,649)
Short-term leases	(33,308)
Lease liabilities recognised on transition on 1 July 2019	7,896,251

*Lease liabilities were discounted using a weighted average incremental borrowing rate of 10%

(iv) New and amended accounting standards and interpretations not yet effective and not adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective for entities preparing financial statements for the year ended 30 June 2020 have not been adopted by the Group at the date of authorisation of these financial statements. The Group has considered the impact of the below and does not expect them to have a material impact on the financial statements upon adoption.

Notes to the Consolidated Financial Statements for the year ended 30 June 2020 (continued)

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Effective Date
<i>Conceptual Framework for Financial Reporting</i>	1 January 2020
<i>AASB 2019-1 Amendments to AASs – References to the Conceptual Framework</i>	1 January 2020
<i>AASB 2018-6 Amendments to AASs – Definition of a Business</i>	1 January 2020
<i>AASB 2019-3 Amendments to AASs – Interest Rate Benchmark Reform</i>	1 January 2020
<i>AASB 2018-7 Amendments to AASs – Definition of Material</i>	1 January 2020
<i>AASB 2019-5 Amendments to AASs – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia</i>	1 January 2020
<i>AASB 2020-4 Amendments to AASs – Covid-19-Related Rent Concessions</i>	1 June 2020
<i>AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current</i>	1 January 2022
<i>AASB 2020-3 Amendments to AASs – Annual Improvements 2018–2020 and Other Amendments</i>	1 January 2022
<ul style="list-style-type: none"> • Amendment to AASB 1, <i>Subsidiary as a First-time Adopter</i> • Amendments to AASB 3, <i>Reference to the Conceptual Framework</i> • Amendment to AASB 9, <i>Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities</i> • Amendments to AASB 116, <i>Property, Plant and Equipment: Proceeds before Intended Use</i> • Amendments to AASB 137, <i>Onerous Contracts—Cost of Fulfilling a Contract</i> • Amendment to AASB 141, <i>Taxation in Fair Value Measurements</i> 	
<i>AASB 2014-10 Amendments to AASs – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2022

b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiary as at 30 June each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the controlled entity and has the ability to affect those returns through its power over the investee. The Group's controlled entity has a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of controlled entity have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

c) Business Combinations

The Group applies the acquisition method in accounting for business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree. Acquisition costs are expensed as incurred.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any.

Notes to the Consolidated Financial Statements for the year ended 30 June 2020 (continued)

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

d) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of the Group and its subsidiary is Australian dollars (A\$).

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 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

e) Revenue from contracts with customers

The Group generates revenue from operating its waste recycling facility in Maddington, Western Australia, which is recognised at point in time. The Group also has a contract for the provision of operational and maintenance services to a related party, which is recognised over time.

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 Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements, because it controls the goods and services before transferring them to the customer.

Operational and maintenance services

The Group's contract for rendering of operation and maintenance services to a related party involve 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.

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. For these contracts, the transaction price is considered to be variable consideration. The Group applies the variable consideration allocation exception to allocate variable consideration to distinct services in the services contract.

Maddington facility gate fee revenue

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

Inventory sales

Inventory sales of the Group consist of sand, drainage aggregate, clean fill, track material and road base. These items are the result of processing C&D waste. Scrap steel, aluminium and other commodities are recovered from C&I waste. The Group recognises revenue at the point in time control of the inventory is transferred to the customer.

f) Interest income

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

g) Leases

Group as Lessee – policy applied from 1 July 2019

Right-of-use assets

The Group recognises 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 Group 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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group 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 Group 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 Group 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.

Group as Lessee – policy applied prior to 1 July 2019

Prior to the adoption of AASB 16, the Group classified each of its leases at inception as either operating or finance leases based on the extent to which, risks and rewards incidental to ownership of the leased asset were transferred to the Group.

Operating lease payments were previously recognised as an expense in the profit or loss on a straight-line basis over the lease term, excluding contingent rentals which were expensed as incurred. Operating lease incentives were recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

h) 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 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 Consolidated Entity to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

Long term benefits

The long-term employee benefits within the Group relate to liabilities for long service leave of the Group's employees. The liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 Group's obligations.

i) 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2020 (continued)

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

i) Income tax (continued)

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 subsidiaries and associates operate and generate 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 consolidated 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 utilise 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 realise 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.

Tax consolidation

The Group formed a tax consolidated group on 13 April 2018.

The parent company and subsidiary continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the subsidiary.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

j) 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 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.

k) 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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

l) 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 Group 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 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 derecognised, modified or impaired.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for trade receivables and other receivable 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 Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses and recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group 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 Group considers a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

m) 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during financial period in which they are incurred.

Depreciation

The depreciable amount of fixed assets is depreciated on a straight-line (SL) basis over their useful lives to the Group 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 period:

• Mobile plant	20% pa
• Fixed plant	6% pa
• Office equipment	25% pa
• Motor vehicles	25% pa
• Leasehold improvements	20% pa

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2020 (continued)

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

n) Trade and other payables

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

o) 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.

p) Provisions

Provisions are recognised when the Group 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.

q) 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.

r) 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.

s) 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. Where the fair value of the equity instruments granted cannot be reliably estimated, the Group measures the equity instruments at their intrinsic value, initially at the grant date and subsequently at the end of each reporting period and at the date of final settlement, with any change in intrinsic value recognised in profit and loss.

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

Cash settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using an appropriate valuation model.

Notes to the Consolidated Financial Statements for the year ended 30 June 2020 (continued)

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

t) Convertible notes

Convertible notes are separated into liability and equity components based on the terms of the contract. On issuance of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. Where relevant, the remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible note based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

u) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing cost.

v) 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 when the grant is received. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

w) Critical accounting estimates and judgments

The preparation of the financial report required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Group based its assumptions and estimates on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

The pandemic disease of COVID-19 has created certain uncertainties around the globe. The waste and recycling sector is no exception. The Company's activity level is directly proportionate to the level of activity in the construction industry. Factors such as current earning levels coupled with a fair degree of certainty of future income plays a pivotal role in the level of construction industry. While the COVID-19 impact was felt severely across the globe, Western Australia in particular, witnessed lower levels of short-term impact. The impact of COVID-19 has been incorporated into the assessment of key estimates and judgements including impairment.

Revenue from contracts with customers

The Group concluded that revenue for its service contract is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group.

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

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. In determining the lease term, the Group has applied judgement over the facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. All property leases are considered reasonably certain to exercise an extension option.

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 Group's operating environment and technical and other forms of obsolescence.

Notes to the Consolidated Financial Statements for the year ended 30 June 2020 (continued)

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

Contingent liability – royalty agreement

The Group has concluded that the royalty agreement (see Note 29) with Fernview Development Group Pty Ltd (an unrelated party) represents a contingent liability as any obligation under the contract is dependent upon the future actions of the Group. The Group has therefore determined that AASB 137 is the appropriate standard to account for the royalty.

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 assets 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 (see Note 10).

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

For trade and other short-term receivables the Group 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.

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 and making assumptions about them.

The fair value per security has been calculated using a Black Scholes pricing model taking into account the terms and conditions upon which the options and performance rights were granted.

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 Group's operating environment and technical and other forms of obsolescence.

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 Group's future taxable income against which the deferred tax assets can be utilised (see Note 11). 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.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 3 Revenue and other income

The Group generates revenue from operating its waste recycling facility in Maddington, Western Australia, which is recognised at point in time. The Group also has a contract for the provision of operational and maintenance services to a related party, which is recognised over time.

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Revenue from contracts with customers	1,982,576	683,466
Government grant	50,000	-
Other income	3,183	397,500
	2,035,759	1,080,966

The table below provides a disaggregation of segment revenues from contracts with customers (see Note 24):

	Waste Management \$	Operations and Maintenance \$	Total operating segments \$
Year ended 30 June 2020			
Revenue from contracts with customers	1,399,130	583,446	1,982,576
Year ended 30 June 2019			
Revenue from contracts with customers	87,181	596,285	683,466

Disaggregated segment revenue includes eliminations.

	Point in time \$	Over time \$	Total \$
Year ended 30 June 2020			
Revenue from contracts with customers	1,399,130	583,446	1,982,576
Year ended 30 June 2019			
Revenue from contracts with customers	87,181	596,285	683,466

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Note 4 Employee benefits, salaries and wages		
Wages and salaries expenses	(1,756,351)	(1,955,503)
Labour contracting	(535,791)	(108,539)
Consulting	(92,756)	(267,919)
Share-based payments (performance rights)	(291,285)	-
Employee benefits, salaries and wages as disclosed	(2,676,183)	(2,331,961)
Cost of bonus shares and cash bonuses rescinded included as IPO related costs (Note 6)	1,072,180	-
Indemnity cancelled included as IPO related costs (Note 6)	492,314	-
Total employee benefits, salaries and wages	(1,111,689)	(2,331,961)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Note 5 Recycling, waste disposal and other site costs		
Waste disposal costs	(517,799)	(333,473)
Commodity purchases	(70,355)	-
Power, fuel and oil	(106,106)	(25,161)
Short term equipment hire	(504,555)	57,380
Repairs, maintenance and consumables	(237,306)	129,752
Other	(60,449)	(26,106)
	(1,496,570)	(197,608)
	\$	\$
Note 6 IPO related costs		
Cash items		
Transaction costs	(1,211,057)	-
Lead managers and legal fees	(750,387)	-
	(1,961,444)	-
Non-cash items		
Cost of issuing promoter shares	(2,802,687)	(1,042,475)
Loss on conversion of SBANG debt	(2,463,590)	-
Loss on settlement of Flugge superannuation loan	-	(707,442)
Share option expenses – Lead manager	(1,150,000)	-
Director and Executive indemnity cancelled	492,314	-
Director and Executive bonus rescinded	1,072,180	-
	(4,851,783)	(1,749,917)
Capital raising costs and share options directly attributable to equity	1,166,293	-
Total Initial public offering and share option expenses recognised in profit or loss	(5,646,934)	(1,749,917)
Capital raising costs	685,544	-
Share option expense	480,749	-
Total initial public offering and share option expense directly attributable to equity	1,166,293	-

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Note 7 Other expenses		
Marketing related costs	(35,709)	(25,294)
Office expenses	(62,752)	(17,870)
IT costs	(50,164)	(19,864)
Secretarial, legal and business expenses	(149,497)	(276,844)
Motor vehicle related expenses	(37,373)	(32,892)
Loss on asset sales	(53,479)	(8,625)
	(388,974)	(381,389)
	\$	\$
Note 8 Depreciation		
Depreciation on property, plant and equipment	(694,774)	(535,943)
Depreciation on right-of-use assets	(493,676)	-
	(1,188,450)	(535,943)
	\$	\$
Note 9 Finance costs		
Interest expense on lease liability	(771,934)	-
Interest expense	(577,984)	(1,569,646)
Finance charges	(21,992)	-
	(1,371,910)	(1,569,646)
Less: Capitalised interest expense	192,983	-
	(1,178,927)	(1,569,646)

The Group started construction of the Gingin facility in early April 2020. The construction is expected to be completed in mid 2021. The amount of borrowing costs capitalised during the year ended 30 June 2020 was \$192,983 (2019: Nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 10% being the effective interest rate of the Group's general borrowings which relate to the Group's leases.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 10 Impairment of assets

The policy for impairment testing and methods used to determine recoverable amounts are consistent with the disclosure in Note 2(w). Impairment was considered across each of the Group's cash generating units (CGUs):

Gingin (Landfill operations)

This asset is currently under construction. The feasibility study underlying the development of landfill asset continues to support the current and future development of the asset. No impairment was identified.

No reasonable change in assumption would cause an impairment in the Gingin CGU.

Maddington (Waste Management)

Impairment triggers were identified in relation to the Maddington CGU including the impact of COVID-19 leading to significantly reduced volumes of waste received particularly in March, April and May 2020 for both C&D and C&I waste.

Based on the triggers, impairment testing was undertaken. The recoverable amount of the CGU was determined based on a value-in-use calculation. This calculation used real (excluding inflation) cash flow projections based on the 2021 budget approved by the Board and the following 3 years projections approved by senior management. Cash flows beyond the four-year period were extrapolated using a zero percent growth rate. Cashflows are restricted to a 14 year period representing the life of the Maddington facility lease including lease options.

The impairment testing identified that the carrying value of the Maddington CGU exceeded its estimated recoverable value as at 30 June 2020, and the Group recorded an impairment loss of \$2,245,501 which is set out in the following table:

Maddington waste facility CGU	\$
Carrying value of net assets	13,131,983
Estimated recoverable amount	(10,886,482)
Impairment recognised	<u>2,245,501</u>

CGU	Property, Plant and Equipment \$	Right-of-use Asset \$	Total \$
Maddington waste facility	979,699	1,265,802	2,245,501

Recoverable amount key assumptions

The calculation of value-in-use for the Maddington facility is most sensitive to the following assumptions:

Discount rate	Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. A real post-tax discount rate of 10% has been applied. An increase in the discount rate by 1% would increase the impairment by \$709,166.
Revenue growth projections	Revenue growth projections are taken from the budget prepared each year and reflect changes in volumes and prices based on contracts and identified opportunities. A decrease in revenue by 5% over the period would increase the impairment by \$556,196.
Capital expenditure	Capital expenditure is based on expected cash flows to maintain the asset in its current condition. An increase in capital expenditure by 5% over the period would increase the impairment by \$50,909.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Note 11 Income tax		
The components of income tax benefit comprise:		
<i>Current income tax</i>		
<i>Current income tax benefit</i>	-	-
<i>Deferred income tax</i>	-	-
Deferred tax benefit relating to the origination and reversal of temporary differences	672,841	14,486
Income tax benefit reported in the consolidated statement of profit or loss and the other comprehensive income	672,841	14,486
Relationship between income tax expense/(benefit) and accounting loss:		
Loss before income tax	(14,466,979)	(7,244,802)
At the statutory income tax rate of 27.5%	(3,978,419)	(1,992,321)
Non-assessable income	(443,986)	-
Non-deductible expenses	1,691,675	481,228
Other adjustments	(51)	-
Adjustments to prior period tax returns	17,641	124,164
Deferred tax assets not recognised	2,040,299	1,372,443
Income tax (benefit) reported in the consolidated statement of profit or loss and other comprehensive income	(672,841)	(14,486)
<i>Deferred tax liabilities</i>		
Property, plant and equipment	(624,951)	(658,078)
Other deferred tax liabilities	(76,275)	(14,763)
Deferred tax liabilities	(701,226)	(672,841)
<i>Deferred tax assets – brought to account</i>		
Net deferred tax assets on right-of-use assets and lease liabilities	425,813	-
Business related capital expenditure	173,573	-
Accruals and provisions	74,695	-
Others	27,145	-
Deferred tax assets	701,226	-
Net deferred tax liability recognised	-	(672,841)

Estimated tax losses (including capital losses) of \$4,472,341 (tax effected) (30 June 2019: \$2,007,318, tax effected), including tax losses transferred with the acquired subsidiary, have not been recognised as an asset as there is uncertainty that the amounts will be available to offset future taxable income. In addition, deductible temporary differences of \$414,159 have not been recognised.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 12 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 2020 \$	Year ended 30 June 2019 \$
Weighted average number of ordinary shares used in the calculation of basic earnings / (loss) per share	165,006,380	2,468,550
Weighted average number of ordinary shares used in the calculation of diluted earnings / (loss) per share	165,006,380	2,468,550
	\$	\$
Loss attributable to ordinary equity holders of the Group	(13,794,138)	(7,230,316)
Basic and diluted loss per share	(0.08)	(2.93)
	Number	Number
The estimated number of potential ordinary shares on issue but not included in the diluted earnings / (loss) per share as they are anti-dilutive or contingently issuable	30,000,000	37,004,000
	30 June 2020 \$	30 June 2019 \$

Note 13 Cash and cash equivalents

Cash on hand and at bank

4,164,270	41,007
\$	\$

Note 14 Trade and other receivables

Trade receivables (i)	173,706	4,082
Receivable from Sbang Australia Pty Ltd (ii)	228,862	-
Amounts due from Star Shenton Energy Pty Ltd (iii)	631,166	1,733,238
Job Keeper subsidy due	24,000	-
	1,057,734	1,737,320

- (i) Trade receivables are non-interest bearing and are generally on 30 to 90 day terms.
- (ii) Receivables from Sbang Australia are amounts paid to suppliers on behalf of SBANG to develop roadworks in Gingin prior to the contract being signed which will be offset against future SBANG invoices.
- (iii) Amounts due from Star Shenton Energy pertain to trade receivables. \$441,583 of the receivable has been collected subsequent to year end. Payment terms were negotiated with final payment of \$189,583 due in October 2020. SBANG has provided a letter of undertaking for this payment.
- (iv) The Group did not recognise any provision for expected credit losses on its trade receivables. The Group has collected \$151,670 of trade receivables subsequent to year end.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

	30 June 2020 \$	30 June 2019 \$
Note 15 Advances to contractor		
Advances paid to Landfill contractor (i)	250,000	-
(i) The Group paid \$2,500,000 as an advance to Sbang Australia Pty Ltd for the construction of the first phase of the landfill. As at year end, \$2,250,000 has been capitalised.		
	\$	\$
Note 16 Property, plant and equipment		
Land		
Gross carrying amount at cost	9,200,000	9,200,000
Mobile plant		
Gross carrying amount at cost	690,140	842,500
Less: Accumulated depreciation and impairment	(361,527)	(209,428)
	328,613	633,072
Fixed plant		
Gross carrying amount at cost	4,498,287	4,498,287
Less: Accumulated depreciation and impairment	(1,276,766)	(331,680)
	3,221,521	4,166,607
Office equipment		
Gross carrying amount at cost	100,711	25,500
Less: Accumulated depreciation and impairment	(32,006)	(7,757)
	68,705	17,743
Motor vehicles		
Gross carrying amount at cost	200,353	190,469
Less: Accumulated depreciation and impairment	(94,825)	(41,903)
	105,528	148,566
Leasehold improvement at cost	1,496,708	1,117,798
Less: Accumulated depreciation and impairment	(471,366)	(47,814)
	1,025,342	1,069,984
Capital work in progress at cost	3,264,883	380,403
Total property, plant and equipment		
Gross carrying amount at cost	19,451,082	16,254,957
Less: Accumulated depreciation and impairment	(2,236,490)	(638,582)
Total carrying amount	17,214,592	15,616,375

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 16 Property, plant and equipment (continued)

Reconciliation of net book value:

	Land	Mobile plant	Fixed plant	Office equipment	Motor vehicles	Leasehold improvement	Capital work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance as at 1 July 2019	9,200,000	633,072	4,166,607	17,743	148,566	1,069,984	380,403	15,616,375
Purchases	-	42,640	-	75,211	52,385	378,909	2,884,480	3,433,625
Disposals	-	(135,217)	-	-	(25,718)	-	-	(160,935)
Depreciation charge	-	(144,101)	(280,599)	(10,077)	(47,938)	(212,059)	-	(694,774)
Impairment of assets	-	(67,781)	(664,487)	(14,172)	(21,767)	(211,492)	-	(979,699)
Net carrying amount as at 30 June 2020	9,200,000	328,613	3,221,521	68,705	105,528	1,025,342	3,264,883	17,214,592
Opening balance as at 1 July 2018	9,200,000	839,572	4,421,748	24,119	70,746	-	-	14,556,185
Purchases	-	-	66,087	-	115,469	1,117,798	380,403	1,679,757
Disposals	-	(34,874)	(48,750)	-	-	-	-	(83,624)
Depreciation charge	-	(171,626)	(272,478)	(6,376)	(37,649)	(47,814)	-	(535,943)
Net carrying amount as at 30 June 2019	9,200,000	633,072	4,166,607	17,743	148,566	1,069,984	380,403	15,616,375

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 17 Right-of-use assets

The leases recognised by the Group predominantly relate to the lease of premises for business operations. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Land and buildings
	\$
As at 30 June 2019	-
Impact of adoption of AASB 16 Leases	7,896,251
As at 1 July 2019	7,896,251
Depreciation expense	(493,676)
Impairment losses	(1,265,802)
As at 30 June 2020	6,136,773

The following are the amounts recognised in profit or loss:

	Year ended
	30 June 2020
	\$
Depreciation expense of right-of-use assets	(493,676)
Impairment expense of right-of-use assets	(1,265,802)
Interest expense on lease liability	(771,934)
Expense relating to short-term leases (i)	(33,308)
Total amount recognised in profit or loss	(2,564,720)

(i) Payments of \$33,308 for short term leases (lease term of 12 months or less) were expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020.

Total cash outflow for leases during the current financial year amounted to \$1,016,308.

	30 June 2020	30 June 2019
	\$	\$
Note 18 Trade and other payables		
Trade payables (i)	551,675	631,504
Accrued and other payables (ii)	398,872	816,027
Cash-settled share-based payment – at fair value	-	132,105
	950,547	1,579,636

(i) Trade payables represent the liability for the goods and services received by the Group 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) Other payables are non-interest bearing and have an average term of three months.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

	30 June 2020	30 June 2019
	\$	\$
Note 19 Borrowings		
Term borrowings (i)	62,585	44,491
Amount due to a related party (ii)	-	435,124
Loan from SBANG (iii)	-	20,040,641
Loan from shareholder (iv)	-	50,000
	<hr/>	<hr/>
	62,585	20,570,256
Less: Non-current portion	(1,348)	(20,089)
Current portion	<hr/> 61,237	<hr/> 20,550,167

(i) Term borrowings include amounts payable to Pepper Asset Financing Pty Ltd relating to financing for the Group's motor vehicle of \$19,983 which bears interest at 7.99% and is repayable in monthly instalments by 11 July 2021. The non-current liability component amounts to \$1,348. The remaining balance is for premium funding of insurance with Attvest Premium Funding and BOQ Finance for \$12,331 and \$30,271 respectively.

(ii) Amount due to a related party as at 30 June 2019 represented a \$435,124 loan payable to Flugge Superannuation Fund (related party of Damien Flugge, Director who resigned as a director on 9 December 2019) which was interest bearing at 10% per annum, secured against all present and after-acquired property and repayable upon demand. The Group settled this loan by way of issuing 2,229,709 ordinary shares on 4 December 2019.

(iii) SBANG provided the Group with two secured loan facilities of \$10,000,000 (on 7 February 2018) and \$4,000,000 (on 15 July 2018), both for a term of one year with 10% interest rate per annum. Also, a convertible note facility of \$6,000,000 was provided on 15 November 2018 for a term of one year with an agreed conversion price of \$0.25.

In the current period prior to the IPO, there was a drawdown of \$1,749,000 on the convertible note facility.

On 21 October 2019, accrued interest of \$1,076,667 was paid in cash to SBANG.

The full principal amount of the \$4,000,000 facility and a further \$4,000,000 principal amount of the \$10,000,000 facility were converted to 51,282,051 shares on 10 July 2019.

On 4 December 2019, the Company issued additional shares to SBANG as part of the settlement of the loan and convertible note in line with the variation of second deed of debt conversion and release dates 26 September 2019. Loans amounting to \$7,600,000 (\$6,000,000 of remaining loan principal and \$1,600,000 of convertible note) were settled through the issue of 48,717,949 shares. The settlement of the loan via a share issue resulted in a loss of \$1,692,308 being incurred.

On 11 December 2019, the remaining SBANG loan amounting to \$4,400,000 plus accrued interest of \$1,255,333 was repaid in full.

On 3 September 2019, SBANG provided a new \$4,000,000 loan facility. The loan will be interest bearing at 10% p.a. and has a two-year term. Any drawdowns on the loan will be subject to shareholder approval. This new loan facility is undrawn at the date of this report.

(iv) Represented a loan from a shareholder, Mr. Y. Zhu. The amount payable was non-interest bearing, unsecured and payable on demand. This was fully settled on 11 November 2019.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 19 Borrowings (continued)

	Short-term loan	Related party loan	SBANG loan	Shareholder loan
	\$	\$	\$	\$
Balance at 30 June 2019	44,491	435,124	20,040,641	50,000
Balance at 30 June 2020	62,585	-	-	-
Movement	(18,094)	435,124	20,040,641	50,000
Cash				
Proceeds from short-term loans	565,458	-	-	-
Repayment of short-term loans	(547,364)	-	-	-
Proceeds from related party loan	-	1,410,457	-	-
Repayment of amount due to related party	-	(1,410,457)	-	-
SBANG drawdown – debt	-	-	401,000	-
SBANG drawdown – convertible note	1,749,000	-	-	-
Repayment of SBANG loan	-	-	(6,590,778)	-
Repayment of shareholder loan	-	-	-	(50,000)
Non-cash				
Issuance of 2,229,709 fully paid shares (Note 27 (v))	-	(435,124)	-	-
SBANG conversion Phase 1	-	-	(8,000,000)	-
SBANG conversion Phase 2	-	-	(7,600,000)	-
Other non-cash adjustments	-	-	137	-
	18,094	(435,124)	(20,040,641)	(50,000)

Note 20 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	30 June 2020
	\$
As at 30 June 2019	-
Impact of adoption of AASB 16 Leases	7,896,251
As at 1 July 2019	7,896,251
Repayment of principal portion of lease liabilities	(211,066)
As at 30 June 2020	7,685,185
Less: Non-current portion	(7,474,118)
Current portion	211,067

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

	30 June 2020	30 June 2019
	\$	\$
Note 21 Provisions		
Employee provisions	101,921	1,008,373
Restoration obligation	-	7,562
	101,921	1,015,935

Prior year balance includes \$842,962 of accrued expenses relating to Director bonuses which were rescinded during the current year.

Restoration obligation reconciliation of movement

	2020	2019
	\$	\$
Balance at 1 July	7,562	74,918
Obligation fulfilled	(7,562)	(67,356)
	-	7,562

Note 22 Share capital and reserves

Share Capital

	30 June 2020	30 June 2019
	Number	Number
(a) Issued and paid up capital		
Issued and fully paid ordinary shares	233,229,835	15,534,181
(b) Movement in ordinary shares		
Balance as at 01 July	\$ 2,345,438	\$ 125
Issuance of shares through IPO	19,500,000	-
Issued to promoters during the year	2,802,687	1,042,475
Issued to settle debt during the year	18,509,532	1,302,838
Capital raising costs	(1,166,293)	-
Balance as at 30 June	41,991,364	2,345,438
(c) Movement in ordinary shares		
Balance as at 01 July	15,534,181	125
Issuance of shares through IPO	97,500,000	-
Issued to promoters during the year	17,965,945	6,682,530
Issued to settle debt during the year	102,229,709	8,351,526
Issued to settle share-based payments	-	500,000
Balance as at 30 June	233,229,835	15,534,181

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. Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par share values.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 22 Share capital and reserves (continued)

Share-based Payment Reserve

	2020	2019
	\$	\$
Balance at 1 July	421,993	-
KMP bonus options	-	421,993
KMP bonus options – rescinded during the year	(421,993)	-
Cost of issuing options to the lead manager	1,150,000	-
Cost of issuing performance rights to Directors and Management	291,285	-
Cost of shares issued to Lothbury Advisory	78,000	-
Balance at 30 June	1,519,285	421,993

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.

Capital Management

For the purpose of the Group'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 Group's capital management is to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group'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.

Note 23 Share-based payments

Promoter shares

During the year, the Company issued a total of 17,965,945 fully paid ordinary shares for nil consideration to promoters of the Company, which included 7,115,038 shares issued to SBANG. As there were no specified services attached to the issue of these shares, the transaction has been measured with reference to the estimated fair value of the shares issued. Fair value has been determined to be \$0.156 based upon their intrinsic value at 30 June 2019.

The expense recognised for share based payments to promoters during the period is shown in the following table:

	30 June 2020	30 June 2019
	\$	\$
Promoter shares	2,802,687	1,042,475

Options

The Company issued a total of 20,000,000 options to the lead manager of the Group's IPO, upon the Company's ASX listing. The options were issued as consideration for the lead manager's role in the IPO including corporate advisory, marketing and selling and distribution services of the Company's shares. The options have an exercise price of \$0.25 and can be exercised at any time on or prior to expiry date (10 December 2023). The value of the services represented by the options can't be reliably measured and the share-based payment has been estimated based on the fair value of the options issued. The fair value per security has been calculated as \$0.0575 using a Black Scholes share option pricing model taking in to account the terms and conditions upon which the options were granted. The fair value of the options was calculated on the date of grant using the following assumptions:

Exercise price	\$0.25
Term	4 years
Dividend yield	0%
Extended volatility	60% to 70%
Risk free interest rate	2.08%

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

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:

	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Outstanding at 1 July	-	-	-	-
Granted during the year	20,000,000	\$0.25	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 30 June	20,000,000	\$0.25	-	-
Exercisable at 30 June	20,000,000	\$0.25	-	-

Performance rights

The Company issued a total of 10,000,000 performance rights to Directors and Management of the Company under the Performance Rights Offer. The estimated value of the performance rights at grant date has been quantified as \$2,000,000. An amount of \$291,285 has been charged for the year ended 30 June 2020.

In determining the valuation of the performance rights, the Black-Scholes Method has been used.

The key inputs for the valuation of the Director rights were as follows:

Exercise price	Nil
Term	1 and 2 years
Share price	\$0.20
Dividend yield	0%
Extended volatility	50% to 60%
Risk free interest rate	0.77%

The key inputs for the valuation of the Non-Director rights were as follows:

Exercise price	Nil
Term	1 and 2 years
Share price	\$0.20
Dividend yield	0%
Extended volatility	50% to 60%
Risk free interest rate	0.80%

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

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, performance rights during the year:

	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Outstanding at 1 July	-	-	-	-
Granted during the year	10,000,000	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 30 June	10,000,000	-	-	-
Exercisable at 30 June	-	-	-	-

The milestones that are required to be achieved for each Performance Right in the relevant class to be converted into one share at the election of the KMP for no consideration are as follows:

Class A Performance Rights: 1,666,667 Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the date the Company is admitted to the Official List of ASX (Listing Date), an operating revenue of at least \$20 million in the first 12 months following issue.

Class B Performance Rights: 1,666,667 Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, an operating revenue of at least \$40 million in the period commencing on the date which is 12 months following issue and ending on the date which is 24 months following issue.

Class C Performance Rights: 1,666,667 Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, earnings before interest, tax, depreciation and amortisation of at least \$5 million in the first 12 months following issue.

Class D Performance Rights: 1,666,667 Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, earnings before interest, tax, depreciation and amortisation of at least \$12.5 million in the period commencing on the date which is 12 months following issue and ending on the date which is 24 months following issue.

Class E Performance Rights: 1,666,667 Performance Rights will convert into Shares upon the Maddington Facility operating at an annual rate of 210,000 tonnes and/or m³ in the first 12 months following issue.

Class F Performance Rights: 1,666,665 Performance Rights will convert into Shares upon the Gingin Facility being fully licensed and operational in the first 24 months following issue.

Note 24 Operating segments

The Group 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 the three reportable segments:

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

These have been varied from the prior period and comparatives have been adjusted as per the current segment reporting.

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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 24 Operating segments (continued)

Types of services by reportable segments

(i) Waste Management

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

(ii) Operations and Maintenance

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

(iii) Landfill Operations

Landfill operations have not yet commenced, however the construction of the landfill in Gingin is underway. Currently there is no revenue associated with this segment.

Corporate items of revenue and expenses have been allocated to the operating segments that receive the majority of the economic value.

Summarised financial information concerning our reportable segments as at 30 June 2020 and 30 June 2019 are shown in the following table:

	Waste Management	Operations and Maintenance	Landfill Operations	Total operating segments
	\$	\$	\$	\$
Year ended 30 June 2020				
Revenue from contracts with customers	1,399,130	583,446	-	1,982,576
Other income	53,183	-	-	53,183
	1,452,313	583,446	-	2,035,759
Operating expenses	(10,555,713)	(539,122)	(795,025)	(11,889,860)
EBITDA	(9,103,400)	44,324	(795,025)	(9,854,101)
Depreciation and amortisation	(1,179,365)	(4,376)	(4,709)	(1,188,450)
Net finance costs	(1,112,883)	(33,022)	(33,022)	(1,178,927)
Impairment losses	(2,245,501)	-	-	(2,245,501)
Loss before income tax	(13,641,149)	6,926	(832,756)	(14,466,979)
Income tax benefit	605,557	33,642	33,642	672,841
Loss after income tax	(13,035,592)	40,568	(799,114)	(13,794,138)
Capital expenditure	506,421	34,724	2,892,480	3,433,625

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 24 Operating segments (continued)

	Waste Management	Operations and Maintenance	Landfill Operations	Total operating segments
Year ended 30 June 2019	\$	\$	\$	\$
Revenue from contracts with customers	87,181	596,285	-	683,466
Other income	397,500	-	-	397,500
	484,681	596,285	-	1,080,966
Operating expenses	(5,544,893)	(219,187)	(456,099)	(6,220,179)
EBITDA	(5,060,212)	377,098	(456,099)	(5,139,213)
Depreciation and amortisation	(534,681)	(631)	(631)	(535,943)
Net finance costs	(1,413,060)	(78,293)	(78,293)	(1,569,646)
Loss before income tax	(7,007,953)	298,174	(535,023)	(7,244,802)
Income tax benefit	13,038	724	724	14,486
Loss after income tax	(6,994,915)	298,898	(534,299)	(7,230,316)
Capital expenditure	1,197,749	101,605	380,403	1,679,757

Revenue from one customer amounted to \$206,329 (2019: \$852) arising from waste management CGU. Revenue from second customer amounted to \$583,446 (2019: \$596,285) arising from O&M CGU.

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

Capital expenditure consists of additions of property, plant and equipment, which includes \$2.9 million for the construction of landfill in Gingin.

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

All non-current assets are based in Australia.

Year ended 30 June 2020	Year ended 30 June 2019
\$	\$

Note 25 Auditor's remuneration

Fees to Ernst & Young (Australia)

Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities

Fees for other assurance services

Fees for other services: - Tax compliance

- Others (due diligence)

422,515	308,400
79,350	-
47,500	-
80,854	85,000
630,219	393,400

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 26 Key Management Personnel (KMPs) disclosures

The KMPs at 30 June 2020 are as follows:

1. Robert McKinnon – Chairman
2. Tomasz Rudas – Director
3. Richard Allen – Director
4. Mark Puzey – Director
5. Saithsiri Saksitthisereekul – Director
6. Damien Craig Flugge – Director (resigned 9 December 2019)
7. Vijay Joshi – Chief Financial Officer
8. John Colli – Company Secretary

	\$	\$
The aggregate KMP compensation is set out below:		
Short-term employee benefits	1,410,518	1,167,945
Post-employment benefits	88,661	49,505
Share-based payments – cash settled	-	231,551
Share-based payments – equity settled	-	276,716
Other non-monetary benefits – FBT on motor vehicles	44,543	-
Other non-monetary benefits – bonus shares rescinded	(1,072,180)	-
Indemnity cancelled	(492,314)	-
	(20,772)	1,725,717

Bonus Incentive

Under employment contracts with 3 key management personnel dated 1 September 2017, the parties had a bonus incentive whereby, on the listing of the Company on the ASX or other recognised stock exchange, the key management personnel would be entitled to an individual bonus of:

- bonus shares equalling 0.5% of the Company's issued capital at the time that the Company becomes listed (representing an equity settled share-based payment) and a payment equivalent to the employee's tax liability (representing a cash settled share-based payment), and
- cash bonus equivalent to 0.5% of the total capital raised by the Company before listing on the ASX.

The bonus shares and cash bonus clauses were rescinded by all 3 key management personnel on 4 and 13 September 2019. As the Group used the intrinsic value method to account for these awards, a reversal of the cumulative share-based payment expense associated with the bonus shares was recognised through profit and loss on the cancellation date.

Under the same employment contracts, 3 key management personnel are also entitled to an Executive Cash Bonus and to participate in an Executive Share Scheme as follows:

- a discretionary executive cash bonus equivalent of up to 50% of the employee's base salary may be earned based on an appraisal of individual and Company performance with the first milestone being the Company's ASX listing; and
- the participation in an executive share scheme whereby each eligible employee will receive up to 1,000,000 shares each year with the first year's milestone being the Company's ASX listing, subject to Shareholder approval and to Directors' discretion (representing an equity settled share-based payment) and a payment equivalent to the employee's tax liability (representing a cash settled share based payment).

As at 30 June 2020, the Company did not provide for these bonus incentives because the terms and conditions of the awards had not yet been determined.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 27 Related party transactions

- i) Star Shenton Energy Pty Ltd (SSE), in which Tomasz Rudas, Saithsiri Saksitthisereekul and Damien Flugge were common Directors up to 31 January 2019, 25 March 2019 and 9 December 2019 respectively, was invoiced \$641,791 for the provision of operations and maintenance services during the year (inclusive of GST).
- ii) The Group has a receivable from Star Shenton Energy Pty Ltd for an amount of \$631,166 (\$1,733,238 as at 30 June 2019). This amount is non-interest bearing and is payable on demand (see Note 14).
- iii) The Group received a non-interest bearing short-term loan from Star Shenton Energy Pty Ltd for \$1,410,457 during the year which was repaid in full.
- iv) Mr. Y. Zhu, who is a shareholder, was paid \$150,000 in November 2017, \$50,000 in November 2018 and \$50,000 in January 2019 and the balance of \$50,000 was due as at 30 June 2019. These amounts were payable for the release of mortgages held by Mr. Y Zhu on personal properties of Tomasz Rudas and Damien Flugge (Directors of the Company) to facilitate the Group to obtain a third party loan secured against the Directors' personal properties. These amounts were included as KMP compensation for Tomasz Rudas and Damien Flugge for the year ended 30 June 2018.
- v) The Group owed an amount of \$435,124 to Flugge Superannuation Fund (related party of Damien Flugge, previous Director) as at 04 December 2019 which was interest bearing at 10% per annum. The loan was secured against all property disclosed in Note 18. The Group entered into an agreement with the related party and settled the loan by way of the issue of 2,229,709 fully paid ordinary shares in the Company on 04 December 2019. A further amount of \$595,396 was payable to the same related party. The amount was repayable via the issue of ordinary shares at a price to be determined and arose on the business combination transaction undertaken in 2018. 8,351,526 fully paid ordinary shares were issued on 3 May 2019, with a total value of \$1,302,838, in settlement of the Group's obligation. The Group recognised an expense on settlement of the liability of \$707,442.
- vi) The Group provided Indemnities to the Directors in respect of Australian Tax Office penalty notices for unpaid superannuation guarantee payments for companies within the group from which M8 Sustainable Limited acquired the Maddington Facility and the Fernview entity. This resulted in a liability of \$492,314 to the Group, including taxes. The indemnity agreement was subsequently terminated on 5 September 2019.
- vii) In March 2020, the Group awarded a contract for the construction of a landfill facility at Gingin WA with a value of \$9.6 million to Sbang Australia Pty Ltd, a wholly owned subsidiary of SBANG (Saithsiri Saksitthisereekul is a common director). The contract was awarded following a comprehensive tender process and confirmation from the ASX that prior shareholder approval was not required for the contract. Receivables from SBANG Australia amounting to \$228,862 are amounts paid to suppliers on behalf of SBANG to develop roadworks in Gingin prior to contract being signed which will be offset against future SBANG invoices.
- (viii) The Company is a party to a loan agreement with SBANG (pursuant to which SBANG has agreed to lend up to \$4 million to the Company. The Company is required to obtain shareholder approval for the purposes of ASX Listing Rule 10.1 to grant security in favour of SBANG in security of the SBANG loan before it can request an advance under the loan. Shareholder approval to grant security in favour of SBANG for the loan was obtained at the annual general meeting held on 5 June 2020. As at the end of the reporting period, no amount has been borrowed by the Company under the loan.
- (ix) Messrs McKinnon, Puzey and Allen, directors of the Company, entered into consultancy agreements with the Company in March 2019, January 2019 and March 2019 respectively until the Company was admitted to the official list of the ASX on 11 December 2019. The fees paid to the Messrs McKinnon, Puzey and Allen pursuant to the consultancy agreement amounted to \$17,500, \$56,030 and \$19,226 respectively.
- (x) In December 2019, following its admission to the Official List of the ASX, the Company made a payment of \$5,622,805 to SBANG. This represented the repayment of the principal amount of a loan from SBANG of \$4,440,000 and the payment of interest on the SBANG loan of \$1,222,805.
- (xi) In accordance with the Company's prospectus dated 30 October 2019 in which an initial public offering of shares was made, the Company agreed, subject to shareholder approval, to issue 7,100,000 Performance Rights to the Directors of the Company. The grant of the Performance Rights was approved by shareholders at a general meeting held on 26 November 2019. Upon listing of the Company on the ASX, the Performance Rights were issued as follows:

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 27 Related party transactions (continued)

Name of Holder	Number of Performance Rights
Robert McKinnon (Mckinnon Family Trust #2)	800,000
Tomasz Rudas	3,000,000
Richard Allen (Allen Family Trust)	600,000
Ingrid Puzey (The Puzey Finance Trust) ¹	600,000
Saithsiri Saksitthisereekul	600,000
Felicianna Hoi Wai Flugge ²	1,500,000

¹ related party of Mark Puzey

² related party of Damien Flugge – a director to 9 December 2019

	30 June 2020 \$	30 June 2019 \$
Note 28 Parent entity disclosure		
Statement of Financial Position		
ASSETS		
Current assets	16,338,844	233,964
Non-current assets	11,579,466	6,535,972
TOTAL ASSETS	27,918,310	6,769,936
LIABILITIES		
Current liabilities	1,904,380	14,457,246
Non-current liabilities	6,155,186	200,562
TOTAL LIABILITIES	8,059,566	14,657,808
TOTAL NET ASSETS / (LIABILITIES)	19,858,744	(7,887,872)
SHAREHOLDERS' SURPLUS / (DEFICIT)		
Issued capital	41,991,364	1,042,600
Share based payment reserve	1,519,285	1,724,831
Accumulated losses	(23,651,905)	(10,655,303)
TOTAL SHAREHOLDERS' SURPLUS / (DEFICIT)	19,858,744	(7,887,872)
	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Statement of Profit or Loss and Other Comprehensive Income		
Total loss, net of tax	(13,762,242)	(7,152,324)
Loss for the year	(13,762,242)	(7,152,324)

The Parent has not entered into any guarantees with any of its subsidiaries.

The Parent has no contractual commitments or contingent liabilities as at year end.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 29 Commitments and contingent liabilities

Commitments

A contract to construct the Gingin Landfill, was awarded to Sbang Australia Pty Ltd. The contract value is fixed price of \$9.6 million. Out of the total fixed value, an amount of \$2.5 million was paid towards the first phase of construction. The balance of \$7.1 million is what the Company is committed to subject to a minor variation whereby the Company has further taken upon itself to procure the liners totalling to \$589,683. As a result, the net commitment is \$6.5 million at the date of the accounts. One of the material conditions of the contract being, the Company has a right to suspend the contract at its own accord giving additional freedom should the second phase be delayed due to weather conditions or any such change that the Company deems fit to suspend the project work.

Contingent liabilities

Fernview Environmental Pty Ltd has a royalty agreement whereby it will pay Fernview Development Group Pty Ltd (an unrelated party) a royalty of \$1.50 per tonne based on the number of tonnes of waste received at the Gingin Facility. Payment is contingent on the development of the Gingin Facility and the receipt of waste.

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

Note 30 Controlled entity

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entity in accordance with the accounting policy described in Note 2 (b):

Name

Name	Country of incorporation	Percentage owned	
		30 June 2020	30 June 2019
Fernview Environmental Pty Ltd. (ACN 617 674 469)	Australia	100%	100%

Note 31 Financial risk management

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

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Group 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2020 (continued)

Note 31 Financial risk management (continued)

Credit Risk

Credit risk arises from the financial assets of the Group, which comprises 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 Group is exposed to such risk. However, the Group will be seeking to minimise/reduce this risk by setting credit limits and focussing on having a broader rather than narrow number of customers.

The Group'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 Group 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 Group 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 Group considers information that is reasonable and supportable, including historical experience and forward-looking information. In particular, the Group 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

For the Group, market risk comprises of mainly interest rate risk Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates is restricted to cash and cash equivalents of \$4,164,270. Therefore, there is no significant interest rate risk at the balance sheet date.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. It is the Group's policy to maintain sufficient funds in cash and cash equivalents to meet the financial obligations. Management prepares and monitors rolling cash flows and regularly reviews existing funding arrangements to manage this risk. Also, SBANG has provided a \$4,000,000 loan facility on 03 September 2019 which was approved by the shareholders on 05 June 2020 at the AGM.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

Note 31 Financial risk management (continued)

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

30 June 2020	One year	After one year	Total
	\$	\$	\$
Trade payables	551,675	-	551,675
Accrued and other payables	398,872	-	398,872
Term borrowings	63,351	1,524	64,875
Amount due to a related party	-	-	-
Loan from SBANG	-	-	-
Loan from shareholder	-	-	-
Lease liabilities	983,000	13,758,833	14,741,833
	1,996,898	13,760,357	15,757,255
30 June 2019			
Trade payables	631,504	-	631,504
Accruals and Other Payables	948,132	-	948,132
Term borrowings	24,402	20,089	44,491
Amount due to a related party	435,124	-	435,124
Loan from SBANG	20,040,641	-	20,040,641
Loan from shareholder	50,000	-	50,000
	22,129,803	20,089	22,149,892

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 Group carried at amortised cost approximate their fair values.

Note 32 Events after the reporting period

With the exception of the transactions noted below, no material transactions have occurred since 30 June 2020 and the date of the approval of the financial statements which the Directors consider require disclosure.

The Company is progressing with the construction of the landfill project and has placed an order to procure the liners for the first cell at a cost of \$589,683 excluding GST.

SHAREHOLDER INFORMATION

as at 1 October 2020

TWENTY LARGEST SHAREHOLDERS

Rank	Name	Ordinary Shares	
		Number	% of Total
1	SBANG SUSTAINABLE ENERGIES LTD	83,215,038	35.68
2	STAR UNIVERSAL NETWORK PUBLIC COMPANY LIMITED	23,900,000	10.25
3	HSBC CUSTODY NOMINESS (AUSTRALIA) LIMITED	13,693,545	5.87
4	NATIONAL NOMINEES LIMITED	8,600,777	3.69
5	KINGSLEY CRAIG FLUGGE AND MARGARET FLUGGE <FLUGGE SUPER FUND A/C>	8,351,526	3.58
6	SUMMERSET GLOBAL LTD	5,010,008	2.15
7	MR MARK JOHN BAHEN AND MRS MARGARET PATRICIA BAHEN <MJ BAHEN SUPER FUND A/C>	4,500,000	1.93
8	BLU BONE PTY LTD	3,085,000	1.32
9	THANAWAN TIEWANICHKUL	3,000,000	1.29
10	MR KINGSLEY CRAIG FLUGGE AND MRS MARGARET FLUGGE	2,229,709	0.96
11	JASPER HILL RESOURCES PTY LTD <SUPERANNUATION ACCOUNT>	2,200,000	0.94
12	KENDALI PTY LTD	2,199,000	0.94
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	2,181,047	0.94
14	CHESAPEAKE CAPITAL LTD	2,025,000	0.87
15	MRS CHERYL LEE AND MR RYAN LEE <SIMON LEE FOUNDATION A/C>	1,925,000	0.83
16	KRUAN CHANKOOM	1,903,537	0.82
17	MR MICHAEL FRANK MANFORD <NO 2 A/C>	1,673,346	0.72
18	MR MARK JAYDN SLATER <SLATER FAMILY A/C>	1,630,180	0.70
19	TT NICHOLLS PTY LTD <SUPERANNUATION ACCOUNT>	1,500,000	0.64
20	THE CONSTANTINE FAMILY FOUNDATION PTY LTD <CONSTANTINE FOUNDATION A/C>	1,500,000	0.64
Largest Twenty Holders of Fully Paid Ordinary Shares		174,322,713	74.74
Total Remaining Holders Balance		58,907,122	25.26
Total Fully Paid Ordinary Shares on Issue		233,229,835	100.00

DISRIBUTION OF SHAREHOLDING

Size of Holding	Number of Holders	%	Number of Shares	%
1 – 1,000	7	1.11	801	0.00
1,001 – 5,000	59	9.19	208,351	0.09
5,001 – 10,000	67	10.78	557,277	0.24
10,001 – 100,000	365	57.84	17,617,746	7.55
100,001 and over	133	21.08	214,845,660	92.12
	631	100.00	233,229,835	100.00

Shareholder Information

as at 1 October 2020 (continued)

DISRIBUTION OF SHAREHOLDING (continued)

	Minimum Parcel Size	Number of Holders	Number of Shares
Unmarketable Parcels (Holdings less than a marketable parcel of the Company's ordinary shares(\$500 in value) based on a closing price of \$0.065 as at 1 October 2020)	7,693	91	357,671

SUBSTANTIAL SHAREHOLDERS

The Company's register of substantial shareholders showed the following particulars as at 1 October 2020:

Name of Substantial Shareholder	Extent of Interest (Number of Shares)	Date of Last Notification
Sbang Sustainable Energies Ltd	83,215,038	12.12.2019
Star Universal Network Public Company Limited	23,900,000	13.12.2019
HBSC Custody Nominees (Australia) Limited	15,000,000	13.12.2019

STATEMENT OF QUOTED SECURITIES

The Company's total number of shares on issue as at 1 October 2020 was 233,229,835 fully paid ordinary shares held by 631 individual shareholders.

UNQUOTED EQUITY SECURITIES

The Company had the following unquoted securities as at 1 October 2020:

	Number of Rights	Number of Holders
Performance Rights Issued pursuant to the Company's prospectus dated 30 October 2019	10,000,000	11
Options Issued pursuant to the Company's prospectus dated 30 October 2019 - expiring 4 December 2022	20,000,000	5

STATEMENT OF RESTRICTED SECURITIES

The Company had the following restricted securities as at 1 October 2020:

	Number of Shares	Number of Holders	Date of Release
ASX imposed escrow	57,729,711	21	11.12.2021
Voluntary imposed escrow	77,999,999	2	11.12.2020

SHARE BUY-BACK

The Company does not have a current share buy-back arrangement in place.

VOTING RIGHTS

Each member present at a general meeting of the Company in person or by proxy, or by attorney or, in the case of a corporation, by representative is entitled:

- on a show of hands – to one vote
- on a poll – to one vote for each share held.

Shareholder Information

as at 1 October 2020 (continued)

Use of Funds Statement

In accordance with ASX Listing Rule 4.10.19, the following table shows the use of funds that were raised pursuant to the Company's prospectus and available as at the time of the Company's listing on 11 December 2019 up to the end of the reporting period – 30 June 2020.

Funds available	Full Subscription (as per Prospectus) (\$)	Actual Spent since ASX listing (11.12.2019) to 30.06.2020 (\$)
Repayment of principal amount borrowed from SBANG	4,400,000	4,400,000
Payment of interest on loan from SBANG	1,222,805	1,255,333
Development of the Gingin Facility	9,500,000	2,873,015
Working Capital	2,526,190	3,760,837
Expenses of the Offers	1,851,005	1,898,316
Total	19,500,000	14,187,502

From a capital raising of \$19,500,000, a total of \$14,187,502 has been incurred/spent to 30 June 2020. The material variances are explained as follows:

- **Development of Gingin Facility:** The Company is progressing with the ongoing development of the landfill facility. The first stage which involved bulk earthworks and access roads have been completed. The Company has also obtained confirmation of substantial commencement under its planning approval from Shire of Gingin. The next phase of construction (installation of liners) is expected to commence in early 2021.
- **Working Capital:** While the Maddington recycling facility is in the process of ramping up, the working capital gap was greater than earlier envisaged. In addition, the COVID-19 crisis posed some challenges to certain business sectors that relate to the Company's activities. However, volumes have been improving since April-2020 lows.

Corporate Directory

M8 Sustainable limited

ABN 12 670 758 358

Registered Office

C/- 4C Consulting Pty Ltd
Unit 5, 145 Walcott Street
Mount Lawley WA 6050

Principal Administrative Office and Place of Business

Unit 1, 48 Kelvin Road
Maddington WA 6109
Telephone: + 61 8 6140 9500

Website

www.m8sustainable.com.au

Secretary

John Colli

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone: 1300 850 505(within Australia)
+ 61 3 9415 4000(from overseas)
Email: web.queries@computershare.com.au
Website: www.investorcentre.com

Securities Exchange Listing

The Company's shares are listed on the Australian Securities Exchange and trade under the code M8S. The home exchange is Perth.

Shareholder Enquiries

Shareholders wishing to enquire about their shareholdings or make changes to their personal particulars (eg address etc) should contact the Company's share registry.

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