



31 August 2021

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

By email

Dear Sir/Madam

Preliminary Final Report (Appendix 4E) – Year Ended 30 June 2021

Please find attached the unaudited Preliminary Final Report (Appendix 4E) pursuant to Listing Rule 4.3A relating to M8 Sustainable Limited's (the Company) results for the year ended 30 June 2021.

The full financial report of the consolidated entity, being the Company and its controlled entity, for the year ended 30 June 2021 together with the auditor's report will be released by 30 September 2021.

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 LIMITED**

**ACN 620 758 358**

# **APPENDIX 4E**

# **PRELIMINARY FINAL REPORT**

## **FOR THE YEAR ENDED 30 JUNE 2021**

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## APPENDIX 4E

### PRELIMINARY FINAL REPORT

Lodged with ASX under Listing Rule 4.3A

#### Company Details

Name of reporting entity: M8 Sustainable Limited  
ACN: 620 758 358  
Current reporting period: 1 July 2020 to 30 June 2021 (FY21)  
Prior corresponding period (PCP): 1 July 2019 to 30 June 2020 (FY20)

#### Results for announcement to the market

	FY 21	FY 20	CHANGE
	\$'000	\$'000	%
Revenue from ordinary activities	8,993	2,036	342
Loss from ordinary activities after tax	10,465	13,794	24
Loss for the period attributable to members of M8 Sustainable Limited	10,465	13,794	24

No dividend was paid during FY21. (FY20: Nil).  
No dividend has been proposed or declared since the end of FY21.

#### Net tangible assets

The net tangible asset<sup>1</sup> backing per ordinary share at 30 June 2021 was \$0.04 (FY20: \$0.09).

#### Associates and joint venture companies

Not applicable.

#### Review of operations

The principal activities of the Group during the financial year were as follows:

- receiving and recycling of metal, commercial & industrial (C&I) and construction & demolition (C&D) waste at its Maddington Waste Facility. This included metal processing activities from January 2021.
- provision of operations and maintenance services to the Brockwaste recycling facility at Shenton Park which is owned by Star Shenton Energy Pty Ltd.
- continued development and construction of the Gingin landfill facility.

For the financial year ended 30 June 2021, the Group incurred a loss after tax from ordinary activities of \$10,464,942 (\$13,794,138 for the prior year). This result was impacted by recording an impairment charge of \$6,981,753 at the half year (2020: \$2,245,501); whilst the prior year was also impacted by expenses associated with the IPO.

<sup>1</sup> Right-of-use assets and lease liabilities have been included in the NTA calculation.

## Review of operations (continued)

Impairment testing identified that the carrying value of the Maddington site exceeded its recoverable value as at 31 December 2020. As a consequence, the Group recorded the impairment charge as set out below (as reported at the half year):

	Property, Plant and Equipment	Right-of-use Asset	Total Impairment
Maddington waste facility	\$3,181,901	\$3,799,852	\$6,981,753

Management has determined that no further impairment was necessary as at 30 June 2021.

For the reporting year, the Company recorded revenue from contracts with customers of \$8,041,048 (prior year: \$1,982,576), including revenue from metals recycling activities of \$4,578,455 (prior year: nil). Other income included \$845,430 from R&D grants (prior year: nil) along with \$67,500 from Government stimulus package (prior year: \$50,000).

Since January 2021, the Company commenced metals recycling activities in addition to its existing C&D and C&I operations. Revenue of \$4.58m was achieved from metals recycling in the second half of the financial year. Within the C&D and C&I sectors, the Company shifted its focus at Maddington to higher margin products. With the proposed opening of the Gingin Landfill facility, the Company will be able to internalise the costs of disposal of residual waste from its recycling operations. The Company will actively target C&D and C&I waste at Maddington.

Metals recycling activity required the injection of working capital by the Company and some modifications at Maddington to accommodate this new initiative. Implementing these C&D, C&I and metals strategies improved Maddington profitability in the second half of the reporting year.

Construction work at the Company's fully permitted landfill facility at Gingin continued during the reporting period. SBANG Australia Pty Ltd, the Company's construction contractor, finalised an agreement with Doolee Construction Pty Limited to complete construction of the Gingin project. Works on site are progressing as planned with a focus on ancillary site works which include internal roads system, perimeter fencing, drainage system and site amenities structures.

Key cell liners have been delivered to the Gingin site and independent testing has confirmed that the required stringent specifications for the liners have been satisfied. Secondary liners for the project have been ordered. Construction of the Gingin landfill project is currently anticipated to be completed in December 2021.

In February 2021, the Company settled a loan facility with Remagen Capital Management for an amount of \$11 million.

The Company continued to monitor the COVID-19 crisis which had limited consequences on the Company's operations for the reporting period.

On 24 June 2021, the Company announced a fully underwritten one-for-one rights issue to raise \$4.7 million. The issue was successfully completed on 2 August 2021. The funds are to be used to progressively ramp up steel recycling activities, complete the Gingin landfill construction and bolster the balance sheet by supplementing working capital.

**Preliminary Consolidated Statement of Profit or Loss and other Comprehensive Income  
For the year ended 30 June 2021**

	Notes	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Revenue from contracts with customers	1	8,041,048	1,982,576
Interest income		28,996	3,183
Other income	1	922,684	50,000
<b>Total income</b>		<b>8,992,728</b>	<b>2,035,759</b>
Employee benefits, salaries and wages	2	(2,364,227)	(2,676,183)
Recycling, waste disposal and other site costs	3	(6,233,881)	(1,496,570)
Rental outgoings and licences fees		(390,579)	(402,915)
Insurance costs		(343,533)	(351,950)
Professional fees		(444,484)	(926,334)
IPO related costs	4	-	(5,646,934)
Other expenses	5	(811,569)	(388,974)
Depreciation	6	(1,341,816)	(1,188,450)
Finance costs	7	(545,828)	(1,178,927)
Impairment of non-financial assets	8	(6,981,753)	(2,245,501)
<b>Loss before income tax</b>		<b>(10,464,942)</b>	<b>(14,466,979)</b>
Income tax benefit	9	-	672,841
<b>Loss after income tax</b>		<b>(10,464,942)</b>	<b>(13,794,138)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(10,464,942)</b>	<b>(13,794,138)</b>

**Earnings per share:**

- Basic and diluted loss per share attributable to ordinary equity holders of the parent (dollars per share) 10 (0.045) (0.08)

The above statement should be read in conjunction with the accompanying notes

**Preliminary Consolidated Statement of Financial Position  
As at 30 June 2021**

	Notes	30 June 2021 \$	30 June 2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	11	1,815,095	4,164,270
Trade and other receivables	12	1,403,655	1,057,734
Prepayments		499,727	277,366
Advances to contractor	13	-	250,000
Inventory	14	388,568	-
<b>Total Current Assets</b>		<b>4,107,045</b>	<b>5,749,370</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	20,829,518	17,214,592
Other non-current assets	16	3,906,500	406,500
Right-of-use assets	17	3,428,024	6,136,773
<b>Total Non-current Assets</b>		<b>28,164,042</b>	<b>23,757,865</b>
<b>TOTAL ASSETS</b>		<b>32,271,087</b>	<b>29,507,235</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	1,512,254	950,547
Borrowings	19	979,546	61,237
Lease liabilities	20	518,601	211,067
Provisions	21	107,068	101,921
<b>Total Current Liabilities</b>		<b>3,117,469</b>	<b>1,324,772</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	19	10,625,125	1,348
Lease liabilities	20	8,549,324	7,474,118
<b>Total Non-current Liabilities</b>		<b>19,174,449</b>	<b>7,475,466</b>
<b>TOTAL LIABILITIES</b>		<b>22,291,918</b>	<b>8,800,238</b>
<b>NET ASSETS</b>		<b>9,979,169</b>	<b>20,706,997</b>
<b>EQUITY</b>			
Share capital	22	41,991,364	41,991,364
Shared-based payment reserve	22	1,256,399	1,519,285
Accumulated losses		(33,268,594)	(22,803,652)
<b>TOTAL EQUITY</b>		<b>9,979,169</b>	<b>20,706,997</b>

The above statement should be read in conjunction with the accompanying notes

**Preliminary Consolidated Statement of Changes in Equity  
For the year ended 30 June 2021**

	Issued capital \$	Share- based payment reserve \$	Accumulated losses \$	Total equity \$
<b>Balance as at 1 July 2019</b>	<b>2,345,438</b>	<b>421,993</b>	<b>(9,009,514)</b>	<b>(6,242,083)</b>
Loss after tax	-	-	(13,794,138)	(13,794,138)
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(13,794,138)</b>	<b>(13,794,138)</b>
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)
	<b>39,645,926</b>	<b>1,097,292</b>	<b>-</b>	<b>40,743,218</b>
<b>Balance as at 30 June 2020</b>	<b>41,991,364</b>	<b>1,519,285</b>	<b>(22,803,652)</b>	<b>20,706,997</b>
<b>Balance as at 1 July 2020</b>	<b>41,991,364</b>	<b>1,519,285</b>	<b>(22,803,652)</b>	<b>20,706,997</b>
Loss after tax	-	-	(10,464,942)	(10,464,942)
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(10,464,942)</b>	<b>(10,464,942)</b>
Share options	-	(262,886)	-	(262,886)
	<b>-</b>	<b>(262,886)</b>	<b>-</b>	<b>(262,886)</b>
<b>Balance as at 30 June 2021</b>	<b>41,991,364</b>	<b>1,256,399</b>	<b>(33,268,594)</b>	<b>9,979,169</b>

The above statement should be read in conjunction with the accompanying notes

**Preliminary Consolidated Statement of Cash Flows  
For the year ended 30 June 2021**

Notes	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Cash flows from operating activities</b>		
Loss after income tax	(10,464,942)	(13,794,138)
Adjustment for:		
<i>Non-cash items:</i>		
Depreciation	1,341,816	1,188,450
Impairment of non-financial assets	6,981,753	2,245,501
Provision for expected credit losses	169,858	-
(Gain)/loss on disposal of property, plant and equipment	(4,934)	53,479
Amortisation of finance charges on long-term loan	119,655	-
Interest expense	211,967	1,131,991
Non-cash issuance of promoter's shares	-	2,802,687
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)
Finance charges on long-term loan	131,776	-
Share-based payment expense	(262,886)	291,285
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in receivables and other receivables	(515,778)	679,587
(Increase) in prepayments	27,640	(221,483)
(Increase) in advances to contractors	-	(250,000)
(Increase) in inventory	(388,568)	-
Increase/(decrease) in trade payable and other payables	432,765	(206,349)
Increase/(decrease) in provisions	5,146	(116,118)
(Decrease) in deferred tax liabilities	-	(672,841)
<b>Net cash used in operating activities</b>	<b>(2,214,732)</b>	<b>(5,299,599)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,223,371)	(3,433,625)
Proceeds from sale of fixed assets	25,000	107,454
Proceeds from related party loan	408,628	-
Repayment of amount due to related party	(408,628)	-
Decrease in advances to contractors	250,000	-
Payment for deposits	(3,500,000)	-
Deposit for bank guarantee	-	(260,500)
<b>Net cash used in investing activities</b>	<b>(10,448,371)</b>	<b>(3,586,671)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	19,500,000
Proceeds from long-term loans	10,485,094	-
Proceeds from short-term loans	355,581	565,458
Proceeds from related party loan	-	1,410,457
Proceeds from mobile plant loan	1,057,708	-
Proceeds from M8 Holding Limited – Debt	-	401,000
Proceeds from M8 Holding Limited – Convertible Note	-	1,749,000



	Year ended 30 June 2021	Year ended 30 June 2020
Notes	\$	\$
<b>Cash flows from financing activities (continued)</b>		
Short-term loans provided	(250,000)	-
Repayment of short-term loans	(385,038)	(547,364)
Repayment of amount due to related party	-	(1,410,457)
Repayment of M8 Holding Limited loan	-	(6,590,778)
Repayment of shareholder loan	-	(50,000)
Repayment of principal portion of lease liabilities	(514,760)	(211,066)
Repayment of mobile plant loan	(222,690)	-
Payment of capital raising cost	-	(685,544)
Interest paid	(211,967)	(1,121,173)
<b>Net cash generated from financing activities</b>	<b>10,313,928</b>	<b>13,009,533</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,349,175)</b>	<b>4,123,263</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4,164,270</b>	<b>41,007</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1,815,095</b>	<b>4,164,270</b>

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The above statement should be read in conjunction with the accompanying notes

**Notes to the Preliminary Financial Statements  
For the year ended 30 June 2021**

	Year ended 30 June 2021	Year ended 30 June 2020
	\$	\$
<b>Note 1 Revenue and other income</b>		
<b>Revenue from contracts with customers</b>		
Operations and maintenance (O&M) service fee	280,858	583,446
Construction and demolition (C&D) waste revenue	2,554,289	749,999
Commercial and industrial (C&I) waste revenue	627,446	649,131
Metals recycling revenue	4,578,455	-
	<b>8,041,048</b>	<b>1,982,576</b>
	\$	\$
<b>Other income</b>		
Government stimulation packages	67,500	50,000
Other revenue	9,754	-
Research and development claim received	845,430	-
	<b>922,684</b>	<b>50,000</b>
	\$	\$
<b>Note 2 Employee benefits, salaries and wages</b>		
Wages and salaries expenses	(1,690,872)	(1,756,351)
Labour contracting	(787,897)	(535,791)
Consulting	(148,344)	(92,756)
Share-based payments	262,886	(291,285)
<b>Total employee benefits, salaries and wages</b>	<b>(2,364,227)</b>	<b>(2,676,183)</b>
	\$	\$
<b>Note 3 Recycling, waste disposal and other site costs</b>		
Waste disposal costs	(878,680)	(527,771)
Recycled metals purchases	(4,392,280)	(70,355)
Power, fuel and oil	(142,290)	(106,106)
Equipment hire	(396,010)	(504,555)
Repairs, maintenance and consumables	(404,310)	(226,090)
Other	(20,311)	(61,693)
	<b>(6,233,881)</b>	<b>(1,496,570)</b>

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Note 4 IPO related costs</b>		
<b>Cash items</b>		
Transaction costs	-	(1,211,057)
Lead managers and legal fees	-	(750,387)
	<u>-</u>	<u>(1,961,444)</u>
<b>Non-cash items</b>		
Cost of issuing promoter shares	-	(2,802,687)
Loss on conversion of SBANG debt	-	(2,463,590)
Loss on settlement of Flugge superannuation loan	-	-
Share option expenses – Lead manager	-	(1,150,000)
Director and Executive indemnity cancelled	-	492,314
Director and Executive bonus rescinded	-	1,072,180
	<u>-</u>	<u>(4,851,783)</u>
<b>Capital raising costs and share options directly attributable to equity</b>	<u>-</u>	<u>1,166,293</u>
<b>Total Initial public offering and share option expenses recognised in profit or loss</b>	<u>-</u>	<u>(5,646,934)</u>
Capital raising costs	-	685,544
Share option expense	-	480,749
Total initial public offering and share option expense directly attributable to equity	<u>-</u>	<u>1,166,293</u>
	<b>\$</b>	<b>\$</b>
<b>Note 5 Other expenses</b>		
Marketing related costs	(10,656)	(41,075)
HR and office-related expenses	(85,481)	(62,478)
IT costs	(54,780)	(50,164)
Secretarial, legal and business expenses	(253,329)	(144,405)
Motor vehicle related expenses	(46,348)	(37,373)
Gain/(loss) on asset sales	4,934	(53,479)
Provision for expected credit losses	(169,858)	-
Other expenses	(196,051)	-
	<u>(811,569)</u>	<u>(388,974)</u>
	<b>\$</b>	<b>\$</b>
<b>Note 6 Depreciation</b>		
Depreciation on property, plant and equipment	(535,418)	(694,774)
Depreciation on right-of-use assets	(806,398)	(493,676)
	<u>(1,341,816)</u>	<u>(1,188,450)</u>

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Note 7 Finance costs</b>		
Interest expense on lease liability	(948,339)	(771,934)
Interest expense	(1,015,201)	(577,984)
Finance charges	(240,154)	(21,992)
	<u>(2,203,694)</u>	<u>(1,371,910)</u>
Less: Capitalised interest expense	1,657,866	192,983
	<u><b>(545,828)</b></u>	<u><b>(1,178,927)</b></u>

**Note 8 Impairment of assets**

Impairment was considered across each of the Group's asset dependant cash generating units (CGUs) – Gingin and Maddington.

**Gingin (Landfill operations)**

This asset is currently under construction. The carrying value of the landfill is based on a valuation carried out by an independent valuer. In the light of the above, no impairment was identified.

**Maddington (Waste Management)**

At half year, impairment testing identified that the carrying value of the Maddington CGU exceeded its estimated recoverable value as at 31 December 2020. Accordingly, the Group recorded an impairment loss of \$6,981,753 which is set out in the following table:

Maddington waste facility CGU	Property, Plant and Equipment \$	Right-of-use Asset \$	Total \$
Carrying value	5,481,000	6,545,452	12,026,452
Estimated recoverable amount	(2,299,099)	(2,745,600)	(5,044,699)
Impairment recognised	<u>3,181,901</u>	<u>3,799,852</u>	<u>6,981,753</u>

Since January 2021, the Company introduced the following initiatives:

- commenced metals recycling activities including exports. In addition, additional funds were secured via a rights issue which was completed on 2 August 2021 and provided additional working capital. Access to funds, export markets and adequate site facilities have enabled the Company to grow metals recycling to produce high value products. Company has developed relationships with third parties with access to large quantities of recycled metal products to ensure the long-term viability of this strategy.
- increased focus on reducing operational costs by reviewing the types of waste streams received
- priority given to "clean" C&D recycling to produce and sell high quality recycled civil products
- Access Waste Management - pursuing a revised mixed builders' waste strategy by developing an online website for skip bins
- iHub - development of a logistics and administration software for managing skip bin contractors
- Access Waste and iHub initiatives will attract increased levels of waste and revenue

The above initiatives will have a positive impact on the Company's revenue and profitability. As a consequence, no further impairment was deemed necessary as at 30 June 2021.

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Note 9</b>		
<b>Income tax</b>		
<b>The components of income tax benefit comprise:</b>		
<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
Income tax benefit reported in the consolidated statement of profit or loss and the other comprehensive income	-	<b>672,841</b>
<b>Relationship between income tax expense/(benefit) and accounting loss:</b>		
Loss before income tax	(10,464,942)	(14,466,979)
At the statutory income tax rate of 26% (2020: 27.5%)	(2,720,885)	(3,978,419)
Non-assessable income	(308,546)	(443,986)
Non-deductible expenses	36,409	1,691,675
Other adjustments	(29,711)	(51)
Adjustments to prior period tax returns	349,306	17,641
Deferred tax assets not recognised	2,673,427	2,040,299
Income tax (benefit) reported in the consolidated statement of profit or loss and other comprehensive income	-	<b>(672,841)</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax liabilities</i>		
Property, plant and equipment	(457,157)	(624,951)
Other deferred tax liabilities	(129,929)	(76,275)
Deferred tax liabilities	<b>(587,086)</b>	<b>(701,226)</b>
<i>Deferred tax assets – brought to account</i>		
Net deferred tax assets on right-of-use assets and lease liabilities	587,086	425,813
Business related capital expenditure	-	173,573
Accruals and provisions	-	74,695
Others	-	27,145
Deferred tax assets	<b>587,086</b>	<b>701,226</b>
Net deferred tax liability recognised	-	-

**Note 10 Earnings per share**

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

	<b>Year ended 30 June 2021</b>	<b>Year ended 30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Weighted average number of ordinary shares used in the calculation of basic earnings / (loss) per share	233,229,835	165,006,380
Weighted average number of ordinary shares used in the calculation of diluted earnings / (loss) per share	233,229,835	165,006,380
	<b>\$</b>	<b>\$</b>
Loss attributable to ordinary equity holders of the Group	<b>(10,464,942)</b>	<b>(13,794,138)</b>
Basic and diluted loss per share	<b>(0.045)</b>	<b>(0.08)</b>
	<b>Number</b>	<b>Number</b>
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	39,233,709	30,000,000

**30 June 2021**  
**\$**

**30 June 2020**  
**\$**

**Note 11 Cash and cash equivalents**

Cash on hand and at bank	<u><u>1,815,095</u></u>	<u><u>4,164,270</u></u>
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**\$**

**\$**

**Note 12 Trade and other receivables**

Trade receivables	915,555	173,706
Receivable from Sbang Australia Pty Ltd	-	228,862
Amounts due from Star Shenton Energy Pty Ltd	657,958	631,166
Job Keeper subsidy due	-	24,000
	<u>1,573,513</u>	<u>1,057,734</u>
Provision for expected credit losses	(169,858)	-
	<u><u>1,403,655</u></u>	<u><u>1,057,734</u></u>

**\$**

**\$**

**Note 13 Advances to contractor**

Advances paid to landfill contractor	<u><u>-</u></u>	<u><u>250,000</u></u>
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**Heavy Gauge**  
**\$**

**Light Gauge**  
**\$**

**Total**  
**\$**

**Note 14 Inventory**

As at 1 July 2019	-	-	-
Purchases	-	-	-
Cost of goods sold	-	-	-
As at 30 June 2020	<u>-</u>	<u>-</u>	<u>-</u>
Purchases	3,913,448	853,801	4,767,249
Cost of goods sold	(3,687,452)	(691,229)	(4,378,681)
As at 30 June 2021	<u><u>225,996</u></u>	<u><u>162,572</u></u>	<u><u>388,568</u></u>

	30 June 2021	30 June 2020
	\$	\$
<b>Note 15 Property, plant and equipment</b>		
Land		
Gross carrying amount at cost	9,200,000	9,200,000
Mobile plant		
Gross carrying amount at cost	1,805,390	690,140
Less: Accumulated depreciation and impairment	(1,198,415)	(361,527)
	606,975	328,613
Fixed plant		
Gross carrying amount at cost	4,498,287	4,498,287
Less: Accumulated depreciation and impairment	(3,256,944)	(1,276,766)
	1,241,343	3,221,521
Office equipment		
Gross carrying amount at cost	151,492	100,711
Less: Accumulated depreciation and impairment	(84,173)	(32,006)
	67,319	68,705
Motor vehicles		
Gross carrying amount at cost	200,353	200,353
Less: Accumulated depreciation and impairment	(184,484)	(94,825)
	15,869	105,528
Leasehold improvement at cost	1,508,870	1,496,708
Less: Accumulated depreciation and impairment	(1,124,860)	(471,366)
	384,010	1,025,342
Capital work in progress at cost	9,314,002	3,264,883
<b>Total property, plant and equipment</b>		
Gross carrying amount at cost	26,678,394	19,451,082
Less: Accumulated depreciation and impairment	(5,848,876)	(2,236,490)
<b>Total carrying amount</b>	<b>20,829,518</b>	<b>17,214,592</b>
	\$	\$
<b>Note 16 Other non-current assets</b>		
Bank guarantee provided to DWER	3,500,000	-
Bank guarantee provided for Maddington lease	406,500	406,500
	<b>3,906,500</b>	<b>406,500</b>

**Note 17 Right-of-use assets**

	Facility \$	Mobile Plant \$	Total \$
<b>As at 1 July 2019</b>	-	-	-
Additions	7,896,251	-	7,896,251
Depreciation expense	(493,676)	-	(493,676)
Impairment losses	(1,265,802)	-	(1,265,802)
<b>As at 30 June 2020</b>	<b>6,136,773</b>	-	<b>6,136,773</b>
Additions	-	1,897,501	1,897,501
Depreciation expense	(367,966)	(438,432)	(806,398)
Impairment losses	(3,442,274)	(357,578)	(3,799,852)
<b>As at 30 June 2021</b>	<b>2,326,533</b>	<b>1,101,491</b>	<b>3,428,024</b>

**Note 18 Trade and other payables**

	30 June 2021 \$	30 June 2020 \$
Trade payables	1,088,995	551,675
Accrued and other payables	423,259	398,872
	<b>1,512,254</b>	<b>950,547</b>

**Note 19 Borrowings**

	\$	\$
Term borrowings - Pepper Asset Financing	1,241	19,983
Term borrowings - ScotPac Business Finance	700,660	-
Term borrowings - Bigstone Finance	134,358	-
Premium funding of insurance	31,887	42,602
Remagen loan	10,736,525	-
	11,604,671	62,585
less: Non-current portion	(10,625,125)	(1,348)
Current portion	<b>979,546</b>	<b>61,237</b>

**Note 20 Lease liabilities**

	2021 \$	2020 \$
<b>As at 1 July</b>	<b>7,685,185</b>	-
Additions	949,161	7,896,251
Accretion of interest	948,339	-
Repayments	(514,760)	(211,066)
<b>As at 30 June</b>	<b>9,067,925</b>	<b>7,685,185</b>
Current	518,601	211,067
Non-current	8,549,324	7,474,118



	30 June 2021 \$	30 June 2020 \$
<b>Note 21 Provisions</b>		
Employee provisions	<u>107,068</u>	<u>101,921</u>
<b>Note 22 Share capital and reserves</b>		
<b>Share Capital</b>		
	30 June 2021 Number	30 June 2020 Number
<b>(a) Issued and paid up capital</b>		
Issued and fully paid ordinary shares	<u>233,229,835</u>	<u>233,229,835</u>
<b>(b) Movement in ordinary shares</b>		
	\$	\$
<b>Balance as at 01 July</b>	<b>41,991,364</b>	<b>2,345,438</b>
Issuance of shares through IPO	-	19,500,000
Issued to promoters during the year	-	2,802,687
Issued to settle debt during the year	-	18,509,532
Capital raising costs	-	(1,166,293)
<b>Balance as at 30 June</b>	<u><b>41,991,364</b></u>	<u><b>41,991,364</b></u>
<b>(c) Movement in ordinary shares</b>		
	2021 Number	2020 Number
<b>Balance as at 01 July</b>	<b>233,229,835</b>	<b>15,534,181</b>
Issuance of shares through IPO	-	97,500,000
Issued to promoters during the year	-	17,965,945
Issued to settle debt during the year	-	102,229,709
Issued to settle share-based payments	-	-
<b>Balance as at 30 June</b>	<u><b>233,229,835</b></u>	<u><b>233,229,835</b></u>
<b>Share-based Payment Reserve</b>		
	2021 \$	2020 \$
Balance at 1 July	1,519,285	421,993
KMP bonus options	-	-
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
Reversal of share options expenses	(291,285)	-
Cost of share options for director	28,399	-
<b>Balance at 30 June</b>	<u><b>1,256,399</b></u>	<u><b>1,519,285</b></u>

## 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 four reportable segments:

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

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

### *Types of services by reportable segments*

#### (i) Waste Management and Recycling

The Waste Management segment involves resource recovery from C&D waste and C&I waste. C&D waste includes waste from demolition and civil construction activities, including roads and buildings. C&I waste includes waste from industries such as manufacturing and retail as well as wholesale businesses. During the year, the Company commenced metals recycling activities. Operations involves aggregating, processing and selling of recycled metal to both local and export markets.

#### (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 2021 and 30 June 2020 are shown in the following table:

	<b>Waste Management and Recycling</b>	<b>Operations and Maintenance</b>	<b>Landfill Operations</b>	<b>Total operating segments</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2021</b>				
Revenue from contracts with customers	7,760,190	280,858	-	8,041,048
Other income	951,680	-	-	951,680
Operating expenses	(9,997,774)	(235,052)	(355,447)	(10,588,273)
<b>EBITDA</b>	<b>(1,285,904)</b>	<b>45,806</b>	<b>(355,447)</b>	<b>(1,595,545)</b>
Depreciation and amortisation	(1,123,471)	(1,271)	(217,074)	(1,341,816)
Net finance costs	(500,165)	(22,575)	(23,088)	(545,828)
Impairment losses	(6,981,753)	-	-	(6,981,753)
Segment result	(9,891,293)	21,960	(595,609)	(10,464,942)
Income tax benefit	-	-	-	-
<b>Loss after income tax</b>	<b>(9,891,293)</b>	<b>21,960</b>	<b>(595,609)</b>	<b>(10,464,942)</b>
<b>Capital expenditure</b>	<b>1,218,579</b>	<b>43,586</b>	<b>6,090,147</b>	<b>7,352,312</b>

## Operating segments (continued)

Year ended 30 June 2020	Waste Management and Recycling \$	Operations and Maintenance \$	Landfill Operations \$	Total operating segments \$
Revenue from contracts with customers	1,399,130	583,446	-	1,982,576
Other income	53,183	-	-	53,183
Operating expenses	(10,555,713)	(539,122)	(795,025)	(11,889,860)
<b>EBITDA</b>	<b>(9,103,400)</b>	<b>44,324</b>	<b>(795,025)</b>	<b>(9,854,101)</b>
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
<b>Loss after income tax</b>	<b>(13,035,592)</b>	<b>40,568</b>	<b>(799,114)</b>	<b>(13,794,138)</b>
<b>Capital expenditure</b>	<b>506,421</b>	<b>34,724</b>	<b>2,892,480</b>	<b>3,433,625</b>

Revenue from one customer amounted to \$3,222,174 (2020: Nil) arising from metal recycling within the waste management and recycling CGU.

Revenue from second customer amounted to \$1,120,158 (2020: Nil) arising from metal recycling within the waste management and recycling CGU.

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

Capital expenditure consists of additions of property, plant and equipment, which includes \$6.1 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.

## Compliance Statement

The financial information provided in Appendix 4E is based on the financial report which is being prepared in accordance with the Australian Accounting Standards.

The report and the accounts upon which the report is based use the same accounting policies.

In the Directors' opinion, this report does give a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited.

The financial report is not likely to be subject to dispute or qualification.



Tomasz Rudas  
Managing Director

Date: 31 August 2021