

# **WasteCo Group Limited**

## Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 September 2023

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023

	Note	6 mths ended 30 Sept 2023 (unaudited) NZ\$000	6 mths ended 30 Sept 2022 (unaudited) NZ\$000
<b>Revenue</b>	3	<b>20,778</b>	<b>17,101</b>
Other income	4	26	57
Gain on business acquisition	14	1,691	-
<b>Expenses</b>			
Employee benefits expenses	5.1	(10,169)	(6,638)
Collection, recycling and waste disposal expenses		(4,448)	(3,458)
Fleet operating expenses		(2,422)	(789)
Depreciation and amortisation expenses	5	(2,648)	(1,831)
Property expenses		(265)	(202)
Other expenses	5	(3,442)	(2,602)
<b>(Loss)/profit from operations</b>		<b>(899)</b>	<b>1,638</b>
Finance costs	5.2	(1,276)	(931)
Reverse listing expenses		-	(101)
<b>(Loss)/profit before income tax</b>		<b>(2,175)</b>	<b>606</b>
Income tax benefit/(expense)		1,078	(190)
<b>(Loss)/profit for the period</b>		<b>(1,097)</b>	<b>416</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,097)</b>	<b>416</b>
<b>Earnings/(loss) per share</b>			
Basic and diluted loss per share (NZ\$)	7	(0.0015)	0.0008

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

**Consolidated Statement of Changes in Equity**

For the six months ended 30 September 2023

Note	Share	Convertible	Share based	Retained	Total equity
	capital	notes	payments	earnings	
	NZ\$000	reserve	reserve	NZ\$000	NZ\$000
<b>Balance at 1 April 2022 (audited)</b>	<b>641</b>	<b>38</b>	-	<b>1,604</b>	<b>2,283</b>
Profit for the period	-	-	-	416	416
Total comprehensive profit	-	-	-	416	416
<b>Transactions with owners in their capacity as owners</b>					
Equity component recognised in convertible notes reserve	-	50	-	-	50
<b>Balance at 30 September 2022 (unaudited)</b>	<b>641</b>	<b>88</b>	-	<b>2,020</b>	<b>2,749</b>
<b>Balance at 1 April 2023 (audited)</b>	<b>9,871</b>	-	<b>304</b>	<b>(316)</b>	<b>9,859</b>
Loss for the period	-	-	-	(1,097)	(1,097)
Total comprehensive loss	-	-	-	(1,097)	(1,097)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the period	12	9,512	-	-	9,512
Less: share issue costs	12	(511)	-	-	(511)
Share options issued	13	-	-	161	161
Share options forfeited	13	-	-	(90)	(90)
Share options exercised	12,13	40	-	(15)	25
<b>Balance at 30 September 2023 (unaudited)</b>	<b>18,912</b>	-	<b>360</b>	<b>(1,413)</b>	<b>17,859</b>

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

**Consolidated Statement of Financial Position**

For the six months ended 30 September 2023

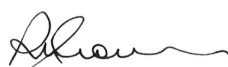
	Note	30 Sep 2023 (unaudited) NZ\$000	31 Mar 2023 (audited) NZ\$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,506	873
Trade receivables and other current assets		6,375	5,038
Income tax receivable		-	100
Inventories		225	230
<b>Total current assets</b>		<b>9,106</b>	<b>6,241</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	42,679	30,853
Right-of-use assets	9.1	9,589	5,863
Intangible assets	10	6,272	157
Deferred tax assets		992	-
<b>Total non-current assets</b>		<b>59,532</b>	<b>36,873</b>
<b>Total assets</b>		<b>68,638</b>	<b>43,114</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		6,465	5,203
Lease liabilities	9.2	1,052	711
Borrowings	11	5,995	5,657
Payable for acquisition of business	14	8,310	115
Income tax payable		25	-
<b>Total current liabilities</b>		<b>21,847</b>	<b>11,686</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		-	86
Lease liabilities	9.2	9,451	5,964
Borrowings	11	19,481	15,519
<b>Total non-current liabilities</b>		<b>28,932</b>	<b>21,569</b>
<b>Total liabilities</b>		<b>50,779</b>	<b>33,255</b>
<b>Net assets</b>		<b>17,859</b>	<b>9,859</b>
<b>EQUITY</b>			
Share capital	12	18,912	9,871
Share based payments reserve		360	304
Retained earnings		(1,413)	(316)
<b>Total equity</b>		<b>17,859</b>	<b>9,859</b>

These consolidated financial statements were approved by the Board on 29 November 2023.

Signed on behalf of the Board by:



Shane Edmond  
Director



Roger Gower  
Director

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

**Consolidated Statement of Cash Flows**

For the six months ended 30 September 2023

		<b>6 mths ended 30 Sep 2023 (unaudited) NZ\$000</b>	<b>6 mths ended 30 Sep 2022 (unaudited) NZ\$000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		19,704	16,098
Government grants received		-	100
Payments to suppliers and employees		(20,079)	(13,882)
Income tax paid		126	(41)
<b>Net cash (used in)/from operating activities</b>	15	<b>(249)</b>	<b>2,275</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,211)	(3,221)
Acquisition of businesses		(5,148)	(3,563)
Payments for intangible assets		(3)	-
<b>Net cash used in investing activities</b>		<b>(7,362)</b>	<b>(6,784)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		6,836	-
Proceeds from borrowings		7,244	8,726
Principal repayment of borrowings		(2,944)	(2,560)
Interest paid on borrowings		(918)	(682)
Principal repayment of lease liabilities		(616)	(339)
Interest paid on lease liabilities		(358)	(199)
<b>Net cash from financing activities</b>		<b>9,244</b>	<b>4,946</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,633</b>	<b>437</b>
Cash and cash equivalents at the beginning of the period		873	698
<b>Cash and cash equivalents at the end of the period</b>		<b>2,506</b>	<b>1,135</b>

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2023

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### 1. General information

WasteCo Group Limited ('WasteCo' or 'the Company') and its subsidiaries (together 'the Group') are limited liability companies, incorporated under the Companies Act 1993 and domiciled in New Zealand. WasteCo is an FMC reporting entity under the Financial Markets Conduct Act 2013. The Company is listed on the NZX Main Board.

The Group was formed by a reverse acquisition on 5 December 2022 of all of the shares in WasteCo Holdings NZ Limited ('WasteCo Holdings') by the Company (previously Goodwood Capital Limited).

The Group provides solutions in the collection of waste and recycling, sweeping services and industrial cleaning services.

The address of the Company's registered office is 421 Blenheim Road, Christchurch.

### 2. Basis of preparation

These unaudited condensed interim consolidated financial statements for the Group for the 6 months ended 30 September 2023 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'), with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting ('NZ IAS 34'), with International Accounting Standard 34: Interim Financial Reporting ('IAS 34'), and with the requirements on the NZX Listing Rules.

The condensed interim consolidated financial statements do not include all of the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the financial statements included in the annual report for the year ended 31 March 2023 which have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

The condensed interim consolidated financial statements are presented in New Zealand dollars which is the Company's functional and presentation currency, rounded to the nearest thousand dollars.

This is the first time the Group has reported interim results for the 6 months to 30 September following the reverse acquisition on 5 December 2022. As a result, this is also the first time the Group has reported the financial results for the 6 months to 30 September 2022 as shown in the comparatives. The comparative information shown within these condensed interim consolidated financial statements is that of WasteCo Holdings, the primary subsidiary, for the period 1 April 2022 to 30 September 2022 as WasteCo Holdings was determined to be the accounting acquirer in the reverse acquisition on 5 December 2022.

The condensed interim consolidated financial statements, including the financial results for the 6 months to 30 September 2023 and 2022, are unaudited. The comparative information as at 31 March 2023 is audited.

#### 2.1 Basis of preparation

The condensed interim consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2023

### 2.2 Going concern

The Directors have, at the time of approving the condensed interim consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. They have therefore continued to adopt the going concern basis of accounting in preparing the condensed interim consolidated financial statements.

### 2.3 Changes in Significant Accounting Policies

There have been no changes in the accounting policies and methods of computation used in preparing the condensed interim consolidated financial statements compared to those used in preparing the audited consolidated financial statements for the 12 months ended 31 March 2023. For details of the accounting policies for the 12 months ended 31 March 2023 please refer to the 2023 Annual Report.

## 3. Revenue

	6 mths ended 30 Sept 2023 (unaudited) NZ\$000	6 mths ended 30 Sept 2022 (unaudited) NZ\$000
Revenue from waste collection, recycling and disposal services	10,057	10,226
Revenue from sweeping services	5,461	3,560
Revenue from industrial cleaning services	5,260	3,315
<b>Total revenue from contracts with customers</b>	<b>20,778</b>	<b>17,101</b>

The details above disaggregate the Group's revenue from contracts with customers into primary markets and major service lines. All revenue is generated in New Zealand.

## 4. Other income

	6 mths ended 30 Sept 2023 (unaudited) NZ\$000	6 mths ended 30 Sept 2022 (unaudited) NZ\$000
Covid-19 wage subsidy	1	49
Interest income	25	-
Outsourced labour income	-	8
	<b>26</b>	<b>57</b>



## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2023

### 5. Expenses

The profit or loss for the year includes the following expenses:

	<b>30 Sept 2023</b>	<b>30 Sept 2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>NZ\$000</b>	<b>NZ\$000</b>
Expenses relating to short term leases	(87)	(74)
Net foreign currency gains/(losses)	(1)	-
<b>Depreciation and amortisation expenses</b>		
Depreciation of property, plant and equipment (note 8)	(1,923)	(1,435)
Depreciation of right of use assets (note 9.1)	(720)	(393)
Amortisation of intangible assets (note 10)	(5)	(3)
	<b>(2,648)</b>	<b>(1,831)</b>

#### 5.1 Employee benefit expenses

	<b>6 mths ended</b>	<b>6 mths ended</b>
	<b>30 Sept 2023</b>	<b>30 Sept 2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>NZ\$000</b>	<b>NZ\$000</b>
Salary and wages	(9,857)	(6,473)
Employer Kiwisaver contributions	(256)	(165)
Share based payments	(56)	-
	<b>(10,169)</b>	<b>(6,638)</b>

#### 5.2 Finance costs

	<b>6 mths ended</b>	<b>6 mths ended</b>
	<b>30 Sept 2023</b>	<b>30 Sept 2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>NZ\$000</b>	<b>NZ\$000</b>
Interest on asset finance borrowings	(903)	(576)
Interest on lease liabilities	(358)	(199)
Interest on convertible notes	-	(119)
Interest on shareholder loans	-	(23)
Interest charged by suppliers	(15)	(14)
	<b>(1,276)</b>	<b>(931)</b>

### 6. Segment information

The Group provides solutions in the collection of waste and recycling, sweeping services and industrial cleaning services. All of these collection and disposal services are provided in New Zealand.

The Group has identified its operating segments based on the internal reports reviewed and used by the Chief Operating Decision Maker ('CODM'), being the Board of Directors, in assessing the Group's performance and in determining the allocation of resources.

The Group has provided only a measure of profit and loss for each reportable segment as the CODM is not provided with total assets and liabilities for each segment when assessing the Group's performance and allocating resources.

**Condensed Notes to the Consolidated Financial Statements**

For the six months ended 30 September 2023

	<b>For the 6 months to 30 September 2023</b>				
	<b>Waste collection</b>	<b>Sweeping services</b>	<b>Industrial cleaning</b>	<b>Corporate / unallocated</b>	<b>Total</b>
	<b>NZ\$000</b>	<b>NZ\$000</b>	<b>NZ\$000</b>	<b>NZ\$000</b>	<b>NZ\$000</b>
Total revenue	10,057	5,461	5,260	-	20,778
Operating EBITDA	2,525	2,571	1,769	(5,141)	1,724
Depreciation and amortisation	(996)	(427)	(741)	(484)	(2,648)
Finance income	-	-	-	25	25
Finance costs	-	-	-	(1,276)	(1,276)
Net profit/(loss) before taxation	1,529	2,144	1,028	(6,876)	(2,175)
Income tax benefit	-	-	-	1,078	1,078
Net profit/(loss) for the period	1,529	2,144	1,028	(5,798)	(1,097)

	<b>For the 6 months to 30 September 2022</b>				
	<b>Waste collection</b>	<b>Sweeping services</b>	<b>Industrial cleaning</b>	<b>Corporate / unallocated</b>	<b>Total</b>
	<b>NZ\$000</b>	<b>NZ\$000</b>	<b>NZ\$000</b>	<b>NZ\$000</b>	<b>NZ\$000</b>
Total revenue	10,226	3,560	3,315	-	17,101
Operating EBITDA	3,485	1,810	1,661	(3,487)	3,469
Depreciation and amortisation	(811)	(237)	(373)	(410)	(1,831)
Finance costs	-	-	-	(931)	(931)
Reverse listing expenses	-	-	-	(101)	(101)
Net profit/(loss) before taxation	2,674	1,573	1,288	(4,929)	606
Income tax benefit	-	-	-	(190)	(190)
Net profit/(loss) for the period	2,674	1,573	1,288	(5,119)	416

**6.1 Seasonal and cyclical influences**

There are no seasonal or cyclical influences on these interim results. The business acquisitions in the first 6 months of the financial year (refer note 14) are expected to add to the trading results over the second half of the financial year.

## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2023

### 7. Earnings/(loss) per share

	6 mths ended 30 Sept 2023 (unaudited)	6 mths ended 30 Sept 2022 (unaudited)
Basic and diluted earnings/(loss) per share (NZ\$)	(0.0015)	0.0008
The loss and weighted average number of ordinary shares used in the calculation of earnings per share are as follows:		
Loss from continuing operations (NZ\$000)	(1,097)	416
Weighted average number of ordinary shares used in the calculation of basic and basic loss per share ('000)	756,387	504,000

The 19.8 million share options on issue at the reporting date were not considered to be dilutive due to the Group's net loss for the period (2022: none).

During the period from March 2022 to November 2022 the Group issued \$4 million in mandatory convertible notes. The convertible notes on issue at 30 September 2022 were not considered to be dilutive at that date as their share price for conversion of \$0.05 was higher than the average market price of the Company's shares during the period from their issue to the reporting date.

### 8. Property, plant and equipment

	Plant and equipment	Vehicles	Office equipment	Leasehold improvements	Assets under construction	Total
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>Cost:</b>						
<b>At 1 April 2022</b>	<b>13,041</b>	<b>15,731</b>	<b>253</b>	<b>110</b>	-	<b>29,135</b>
Additions	2,006	1,149	38	27	-	3,220
<b>At 30 September 2022</b>	<b>15,047</b>	<b>16,880</b>	<b>291</b>	<b>137</b>	-	<b>32,355</b>
Additions	2,372	2,827	70	40	-	5,309
Business acquisitions	-	1,000	-	-	-	1,000
<b>At 31 March 2023</b>	<b>17,419</b>	<b>20,707</b>	<b>361</b>	<b>177</b>	-	<b>38,664</b>
Additions	550	1,543	157	139	295	2,684
Business acquisitions (note 14)	785	10,762	12	-	-	11,559
Disposals	(250)	(277)	-	-	-	(527)
<b>At 30 September 2023</b>	<b>18,504</b>	<b>32,735</b>	<b>530</b>	<b>316</b>	<b>295</b>	<b>52,380</b>

## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2023

	Plant and equipment	Vehicles	Office equipment	Leasehold improvements	Assets under construction	Total
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>Accumulated depreciation:</b>						
<b>At 1 April 2022</b>	<b>(1,925)</b>	<b>(2,542)</b>	<b>(118)</b>	<b>(18)</b>	-	<b>(4,603)</b>
Depreciation expense	(806)	(592)	(28)	(9)	-	(1,435)
<b>At 30 September 2022</b>	<b>(2,731)</b>	<b>(3,134)</b>	<b>(146)</b>	<b>(27)</b>	-	<b>(6,038)</b>
Depreciation expense	(817)	(871)	(71)	(14)	-	(1,773)
<b>At 31 March 2023</b>	<b>(3,548)</b>	<b>(4,005)</b>	<b>(217)</b>	<b>(41)</b>	-	<b>(7,811)</b>
Depreciation expense	(864)	(985)	(59)	(15)	-	(1,923)
Disposals	28	5	-	-	-	33
<b>At 30 September 2023</b>	<b>(4,384)</b>	<b>(4,985)</b>	<b>(276)</b>	<b>(56)</b>	-	<b>(9,701)</b>
<b>Carrying amount:</b>						
<b>At 30 September 2023</b>	<b>14,120</b>	<b>27,750</b>	<b>254</b>	<b>260</b>	<b>295</b>	<b>42,679</b>
At 31 March 2023	13,871	16,702	144	136	-	30,853
At 30 September 2022	12,316	13,746	145	110	-	26,317
At 1 April 2022	11,116	13,189	135	92	-	24,532

## 9. Leases

The Group leases vehicles, and premises for waste sorting, vehicle storage and administration.

### 9.1 Right-of-use asset

	Vehicles	Premises	Total
	NZ\$000	NZ\$000	NZ\$000
<b>Cost:</b>			
<b>At 1 April 2022</b>	<b>518</b>	<b>5,909</b>	<b>6,427</b>
Additions	809	-	809
Lease modifications	-	106	106
<b>At 30 September 2022</b>	<b>1,327</b>	<b>6,015</b>	<b>7,342</b>
Additions	200	179	379
Lease modifications	-	108	108
<b>At 31 March 2023</b>	<b>1,527</b>	<b>6,302</b>	<b>7,829</b>
Additions	1,363	1,376	2,739
Lease modifications	(13)	73	60
Business acquisition (note 14)	-	1,647	1,647
<b>At 30 September 2023</b>	<b>2,877</b>	<b>9,398</b>	<b>12,275</b>

## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2023

	Vehicles	Premises	Total
	NZ\$000	NZ\$000	NZ\$000
<b>Accumulated depreciation:</b>			
<b>At 1 April 2022</b>	<b>(136)</b>	<b>(992)</b>	<b>(1,128)</b>
Depreciation expense	(154)	(239)	(393)
<b>At 30 September 2022</b>	<b>(290)</b>	<b>(1,231)</b>	<b>(1,521)</b>
Depreciation expense	(194)	(251)	(445)
<b>At 31 March 2023</b>	<b>(484)</b>	<b>(1,482)</b>	<b>(1,966)</b>
Depreciation expense	(336)	(384)	(720)
<b>At 30 September 2023</b>	<b>(820)</b>	<b>(1,866)</b>	<b>(2,686)</b>
<b>Carrying amount:</b>			
<b>At 30 September 2023</b>	<b>2,057</b>	<b>7,532</b>	<b>9,589</b>
At 31 March 2023	1,043	4,820	5,863
At 30 September 2022	1,037	4,784	5,821
At 1 April 2022	382	4,917	5,299

### 9.2 Lease liabilities

	30 Sep 2023 (unaudited)	31 Mar 2023 (audited)
	NZ\$000	NZ\$000
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Up to one year	1,909	1,123
One to two years	1,656	993
Two to five years	4,835	2,942
More than five years	6,300	3,732
Total undiscounted lease liabilities at reporting date	14,700	8,790
Less: future finance charges	(4,197)	(2,115)
Total discounted lease liabilities at reporting date	<b>10,503</b>	<b>6,675</b>
<b>Lease liabilities included in the Consolidated Statement of Financial Position at reporting date</b>		
Current	1,052	711
Non-current	9,451	5,964
	<b>10,503</b>	<b>6,675</b>

## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2023

### 10. Intangible assets

	Goodwill	Customer Contracts	Computer software	Total
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>Cost:</b>				
<b>At 1 April 2022</b>	<b>137</b>	-	<b>77</b>	<b>214</b>
Additions	-	-	1	1
<b>At 30 September 2022</b>	<b>137</b>	-	<b>78</b>	<b>215</b>
Additions	-	-	18	18
<b>At 31 March 2023</b>	<b>137</b>	-	<b>96</b>	<b>233</b>
Additions	-	-	3	3
Business acquisition (note 14)	1,276	4,841	-	6,117
<b>At 30 September 2023</b>	<b>1,413</b>	<b>4,841</b>	<b>99</b>	<b>6,353</b>
<b>Accumulated amortisation:</b>				
<b>At 1 April 2022</b>	-	-	<b>(67)</b>	<b>(67)</b>
Amortisation expense	-	-	(3)	(3)
<b>At 30 September 2022</b>	-	-	<b>(70)</b>	<b>(70)</b>
Amortisation expense	-	-	(6)	(6)
<b>At 31 March 2023</b>	-	-	<b>(76)</b>	<b>(76)</b>
Amortisation expense	-	-	(5)	(5)
<b>At 30 September 2023</b>	-	-	<b>(81)</b>	<b>(81)</b>
<b>Carrying amount:</b>				
At 30 September 2023	<b>1,413</b>	<b>4,841</b>	<b>18</b>	<b>6,272</b>
At 31 March 2023	137	-	20	157
At 30 September 2022	137	-	8	145
At 1 April 2022	-	-	10	10

The goodwill relates to expected synergies, and the capability and expertise developed within the acquired businesses.

**Condensed Notes to the Consolidated Financial Statements**

For the six months ended 30 September 2023

**11. Borrowings**

## 11.1 Asset finance

	<b>NZ\$000</b>
<b>At 1 April 2022 (audited)</b>	15,578
Proceeds from asset finance	10,953
Repayment of loans	(5,355)
<b>At 31 March 2023 (audited)</b>	<b>21,176</b>
Proceeds from asset finance	7,244
Repayment of loans	(2,944)
<b>At 30 September 2023 (unaudited)</b>	<b>25,476</b>

Borrowings included in the Consolidated Statement of Financial Position at the reporting date:

	<b>30 Sep 2023 (unaudited)</b>	<b>31 Mar 2023 (audited)</b>
	<b>NZ\$000</b>	<b>NZ\$000</b>
Current	5,995	5,657
Non-current	19,481	15,519
	<b>25,476</b>	<b>21,176</b>

The weighted average interest rates on asset finance loans during the period was 7.288% (6 months to 30 September 2022: 6.0%).

All borrowings are denominated in NZD.

**12. Share Capital**

	<b>Value of shares NZ\$000</b>	<b>No of shares '000</b>
<b>At 1 April 2022 (audited)</b>	<b>641</b>	<b>33,410</b>
2.5 for 1 share consolidation	-	(20,046)
<b>At 30 September 2022 (unaudited)</b>	<b>641</b>	<b>13,364</b>
Ordinary shares issued pre reverse acquisition	-	10,636
Shares issued on reverse acquisition	1,153	504,000
Shares issued for convertible notes	4,077	80,000
Shares issued during the year	4,000	80,000
<b>At 31 March 2023 (audited)</b>	<b>9,871</b>	<b>688,000</b>
Shares issued during the period	9,512	144,488
Less: capital raise costs	(511)	-
Shares issued on exercising share options (note 13)	40	500
<b>At 30 September 2023 (unaudited)</b>	<b>18,912</b>	<b>832,988</b>

On 1 June 2023 the Company issued 31,850,353 fully paid ordinary shares issued at \$0.06923 per share with a total value of \$2.205 million, as part consideration for the Cleanways acquisition (refer note 14).

## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2023

On 15 June 2023 the Company issued 66,484,000 fully paid ordinary shares at \$0.065 per share under a private placement to certain wholesale investors.

On 26 June 2023 the Company issued 500,000 fully paid ordinary shares at an exercise price of \$0.05 per share following the exercise of 500,000 share options under the Company's share option plan.

On 30 August 2023 the Company issued 38,461,490 fully paid ordinary shares at \$0.065 per share under a share purchase plan. On the same day, a further 7,692,307 fully paid ordinary shares were issued at \$0.065 per share under a private placement.

All ordinary shares on issue are fully paid, have equal voting rights, and share equally in dividends and any surplus on winding up.

### 13. Share options

The Company has a share option scheme for non-executive directors and selected employees of the Company and its subsidiaries to purchase ordinary shares in the Company.

Each share options converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry no rights to dividends and no voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

On 3 May 2023 the Company issued a further 6,000,000 options to certain employees and non-executive directors at an exercise price of \$0.05 payable on exercise of the underlying option.

	30 September 2023		30 September 2022	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
<b>Balance as at 1 April</b>	<b>21,300,000</b>	<b>\$0.05</b>	-	-
Granted during the period	6,000,000	\$0.05	-	-
Forfeited during the period	(7,000,000)	\$0.05	-	-
Exercised during the period	(500,000)	\$0.05	-	-
<b>Balance as at 30 September</b>	<b>19,800,000</b>	<b>\$0.05</b>	-	-
Exercisable (vested) at 30 September	<b>6,600,000</b>	<b>\$0.05</b>	-	-

The options vest in 3 equal tranches: one third on the grant date, one third on the first anniversary of the grant date and the final third on second anniversary of the grant date. Each tranche can be exercised at any time within 3 years from the vesting date.

#### 13.1 Fair value of share options granted in the period

The fair values of the share options granted during the period are:

	Vesting date	Fair value per option \$
Tranche 1	3 May 23	0.0285
Tranche 2	3 May 24	0.031
Tranche 3	3 May 25	0.0331

Options were valued using the Black-Scholes option pricing model. The key inputs used in valuing the options are detailed in the table below.



## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2023

	<u>Options granted</u>
Grant date	3 May 23
Options granted	6,000,000
Grant date one month VWAP	\$0.068
Exercise price	\$0.05
Expected volatility	0.4-0.5
Option life (from vesting date)	36 months
Dividend yield	0%
Average risk free interest rate	5.00%

The expected volatility in the measurement of fair value at grant date has been based on the volatility of the Company's share price from 5 December 2022 up to 17 May 2023 and for overseas comparable companies, as a proxy of the Company's future volatility.

The Black-Scholes formula assumes that the options being valued can be sold on a secondary market. The terms of the options forbid their trading. Accordingly, a 20% discount to the values derived from the Black-Scholes formula was applied to reflect the restrictive terms.

### 14. Business acquisitions

	<b>Bond Contracts</b>	<b>Cleanways</b>	<b>Total</b>
<b>Nature of business acquired</b>	Waste collection	Industrial services	
<b>Acquisition date</b>	30 Sept 2023	1 June 2023	
	<b>NZ\$000</b>	<b>NZ\$000</b>	<b>NZ\$000</b>
<b>Net assets / (liabilities) acquired:</b>			
Prepayments	-	7	7
Property, plant and equipment	5,425	6,113	11,538
Right-of-use assets	-	1,647	1,647
Customer contracts asset	4,841	-	4,841
Employee liabilities	(105)	(158)	(263)
Deferred Revenue	(160)	-	(160)
Lease liabilities	-	(1,647)	(1,647)
<b>Net assets acquired</b>	<b>10,001</b>	<b>5,962</b>	<b>15,963</b>
Goodwill	-	1,276	1,276
Gain on acquisition	(1,691)	-	(1,691)
<b>Total consideration</b>	<b>8,310</b>	<b>7,238</b>	<b>15,548</b>
<b>Satisfied by:</b>			
Cash	8,310	5,033	13,343
Issue of ordinary shares	-	2,205	2,205
<b>Total consideration transferred</b>	<b>8,310</b>	<b>7,238</b>	<b>15,548</b>

## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2023

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The \$8.31 million cash payable at 30 September 2023 for the acquisition of the Bond Contracts business is disclosed as a payable for acquisition of business in the Consolidated Statement of Financial Position. This payable was settled on 2 October 2023. The cash paid for the acquisition was funded by the capital raised from the shares issued on 30 August 2023 under the share purchase plan and the private placement (refer note 12), and additional asset finance.

The \$115,000 payable at 31 March 2023 related to the 1 March 2023 acquisition of the Central Suction Cleaners business.

The consolidated financial statements for the year ended 31 March 2023 noted that the initial accounting for the acquisition of the Central Suction Cleaners business had only been provisionally determined. The acquisition accounting for this business is still provisional and is expected to be finalised by the year end reporting date and this may impact the fair value of net assets acquired. Potentially of most impact is the recognition of identifiable intangible assets.

### 14.1 Acquisition of Cleanways business

On 1 June 2023 WasteCo NZ Limited purchased the combined assets and businesses of Cleanways (2003) Limited ('Cleanways'), Enviro South (2015) Limited ('Enviro South') and Wastech Services (Central Otago) Limited ('Wastech Services'), all of which were under common ownership.

The Cleanways and Enviro South businesses are based in Invercargill and specialise in the removal of bulk liquid waste, providing a range of services across Southland. Wastech Services is based in Cromwell and specialises in the removal of bulk liquid and solid waste, providing services throughout the Central Otago region.

The acquisition supported WasteCo to expand its services in Southland and Otago.

The total purchase price for the acquisition was \$7.238 million (after adjustments to the contracted purchase price of \$7.35 million). \$2.205 million of the purchase price was satisfied by the issue to the vendors of 31,850,353 fully paid ordinary shares in the Company, with the \$5.033 million balance of the purchase price paid in cash.

The provisional amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table above.

The fair value of the 31,850,353 ordinary shares issued at \$0.06923 per share as part of the consideration paid was determined on the basis of the agreement between the parties. The issue price of \$0.06923 per share is in line with the 5 trading day volume-weighted average price (VWAP) of WasteCo shares prior to the announcement of the acquisition.

The initial accounting for the acquisition has only been provisionally determined at the date of approval of these condensed interim consolidated financial statements. The acquisition accounting is expected to be finalised by the next reporting date and this may impact the fair value of net assets acquired. Potentially of most impact is the recognition of identifiable intangible assets and goodwill.

The provisional goodwill of \$1.276 million arising from the acquisition consists of recurring revenue streams and relationships, which at this time have not been fair valued and separately identified. The goodwill also relates to expected synergies, and the capability and expertise developed within the acquired business.

The cash paid for the acquisition was funded by additional asset finance.

#### 14.2 Acquisition of Bond Contracts business

On 30 September 2023 WasteCo NZ Limited acquired the Southland waste collection business of Bond Contracts Limited. Settlement was completed on 2 October 2023.

The business acquired provides waste collection services and operates transfer stations in Southland under a contract with the Invercargill City Council, Southland District Council and Gore District Council (together referred to as the 'WasteNet' Councils). This contract runs until 30 June 2027.

The acquisition expanded the Group's footprint in the South Island as a leading waste management company in the region.

The total purchase price for the acquisition was \$8.31 million (after apportionments and adjustments to the contracted purchase price of \$8.775 million).

The provisional amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table above. The net assets acquired of \$10.001 million result in a gain on acquisition of \$1.691 million compared to the consideration paid of \$8.31 million.

The initial accounting for the acquisition has only been provisionally determined at the date of approval of these condensed interim consolidated financial statements. The acquisition accounting is expected to be finalised by the next reporting date and this may impact the fair value of net assets acquired.

##### *Customer contracts asset*

The \$4.841 million value attributed to the customer contracts asset has been determined by an independent valuation. The business holds the contracts for municipal waste collection and processing for Invercargill City Council, Southland District Council and Gore District Council under a contract with those councils ('Wastenet Contract').

The Wastenet Contract covers the collection and processing of both household solid waste and recycling waste; with income being derived at a fixed rate per household served. Due to the nature of the Wastenet Contract and the purpose of the service, there is expected to be little risk of a change to the revenue from the contract.

The Wastenet Contract has a fixed lifetime with maturity being in June 2027. Beyond this WasteCo will be required to tender for any renewal. Due to a level of uncertainty, the value of the renewal was not considered when determining the values of the customer contracts asset.

The value of the customer contracts asset is determined by first assessing the enterprise value of the acquired business. The enterprise value is first allocated to the tangible assets of the business (plant and equipment and stock). Any residual value is likely to be attributed to the Wastenet contract given it accounts for approximately 95% of the Bond Contracts business revenue streams.

The Discounted Cashflows model ("DCF") has been used to obtain an enterprise value. This value encapsulates the future cashflows along with the asset base required to achieve the cashflows.

## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2023

### 15. Reconciliation of profit or loss after taxation with cash flow from operating activities

	6 mths ended 30 Sep 2023 (unaudited) NZ\$000	6 mths ended 30 Sep 2022 (unaudited) NZ\$000
<b>Net (loss)/profit after taxation</b>	<b>(1,097)</b>	<b>416</b>
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	1,923	1,439
Depreciation on right of use assets	720	400
Amortisation of intangible assets	5	3
Share based payments	56	-
Income tax (benefit)/expense	(1,078)	190
Interest paid on borrowings	918	732
Interest paid on lease liabilities	358	199
Gain on business acquisition	(1,691)	-
<b>Movements in working capital</b>		
(Increase) / decrease in trade and other receivables	(1,342)	(1,419)
Increase / (decrease) in trade payables and other liabilities	1,264	356
(Increase) / decrease in inventory	5	-
Increase / (decrease) in tax liabilities	126	(41)
Movement in working capital on business acquisition	(416)	-
<b>Net cash (used in)/from operating activities</b>	<b>(249)</b>	<b>2,275</b>

### 16. Related parties

#### 16.1 Directors

The directors of the Company are Shane Edmond, Carl Storm, James Redmayne, Roger Gower and Angus Cooper.

#### 16.2 Key management personnel compensation

Key management personnel are the Directors, the Chief Executive Officer and members of the executive leadership team.

Key management personnel compensation is set out below.

	6 mths ended 30 Sept 2023 (unaudited) NZ\$000	6 mths ended 30 Sept 2022 (unaudited) NZ\$000
Short term benefits - WasteCo directors	48	56
Share based payments - WasteCo directors	25	-
Short-term benefits - key management employees	219	321
Share based payments - key management employees	40	-
	<b>332</b>	<b>377</b>

## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2023

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### 16.3 Shareholder loans

During the year ended 31 March 2022 the Group received \$173,298 of loans from James and Samantha Redmayne. The outstanding balance was fully repaid during the 2023 reporting period. Interest of \$20,361 accrued on this balance during the 6 months to 30 September 2022.

### 16.4 Bastre Properties NZ Limited

Bastre Properties NZ Limited ('Bastre Properties ') owns premises that are leased by the Group. The initial term of the lease is five years from November 2020 and the Group hold rights of renewal for two further five-year terms. \$62,920 was paid in rent to Bastre Properties in the reporting period ended 30 September 2023 (6 months to 30 September 2022: \$56,815). As at 30 September 2023 the Group recognised \$1,023,372 of lease liabilities due to Bastre Properties (31 March 2023: \$1,051,968).

44% of the share capital of Bastre Properties is owned by the Storm Commercial Trust, of which Carl and Dawn Storm are trustees and 44% by the James & Sam Family Trust, of which James and Samantha Redmayne are trustees.

On 28 November 2020 the Group sold Bastre Properties, which was a wholly owned subsidiary, to entities associated with Carl Storm, James Redmayne and others for \$6,000. This balance was included in receivables at 31 March 2022.

### 16.5 Other transactions with related parties

Carl Storm's wife, Dawn Storm, received total remuneration of \$35,000 as an employee of the Group in the 6 months to 30 September 2023 (6 months to 30 September 2022: \$29,000).

James Redmayne's wife, Samantha Redmayne, received remuneration of \$53,894 as an employee of the Group in the 6 months to 30 September 2023 (6 months to 30 September 2022: \$44,000).

During the 6 months to 30 September 2022 the Group paid \$5,000 sponsorship to Carl Storm's motor racing team.

## 17. Contingent liabilities

There are no contingent liabilities as at 30 September 2023 (31 March 2023: nil).

## 18. Commitments

There were no commitments for future capital expenditure as at 30 September 2023 (31 March 2023: \$131,000).

## 19. Events subsequent to reporting date

On 6 November 2023 the Company raised \$1 million from a share placement of fully paid ordinary shares to a wholesale investor in New Zealand. The wholesale investor subscribed for new shares in the Company at a subscription price of 6.5 cents per share. The funds raised from the share placement will be used to support the growth of the Company's existing businesses and to assist with future growth opportunities.

**COMPANY NUMBER**

3202682

**INCORPORATED**

24 November 2010

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**BANKERS**

Kiwibank Limited  
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**BOARD OF DIRECTORS**

Shane Edmond  
Angus Cooper  
Roger Gower  
Carl Storm  
James Redmayne