

# **WasteCo Group Limited**

Unaudited Condensed Interim  
Consolidated Financial Statements

For the six months ended 30 September 2024

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2024

	Note	6 mths ended 30 Sept 2024 (unaudited) NZ\$000	6 mths ended 30 Sept 2023 (unaudited) * NZ\$000
<b>Revenue</b>	3	<b>25,029</b>	<b>20,778</b>
Other income		75	26
<b>Expenses</b>			
Employee benefits expenses	4.1	(10,500)	(10,169)
Fleet operating expenses		(4,821)	(2,422)
Collection, recycling and waste disposal expenses		(4,535)	(4,448)
Depreciation and amortisation expenses	4	(3,705)	(2,648)
Property expenses		(408)	(265)
Other expenses		(2,964)	(3,188)
<b>Loss from operations</b>		<b>(1,829)</b>	<b>(2,336)</b>
Finance costs	4.2	(2,606)	(1,276)
Acquisition and due diligence costs		(172)	(254)
Restructure costs		(892)	-
Gain on bargain purchase		-	762
<b>Loss before income tax</b>		<b>(5,499)</b>	<b>(3,104)</b>
Income tax benefit		-	1,078
<b>Loss for the period</b>		<b>(5,499)</b>	<b>(2,026)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<b>(5,499)</b>	<b>(2,026)</b>
<b>Earnings/(loss) per share</b>			
Basic and diluted loss per share (NZ\$)	6	(0.0065)	(0.0027)

\* restated. Refer note 2.1

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 2024

	Share capital	Convertible notes reserve	Share based payments reserve	Retained earnings	Total equity
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
<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 *	-	-	-	(2,026)	(2,026)
Other comprehensive income net of income tax	-	-	-	-	-
Total comprehensive loss	-	-	-	(2,026)	(2,026)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the period	9,512	-	-	-	9,512
Less: share issue costs	(511)	-	-	-	(511)
Share options issued	-	-	161	-	161
Share options forfeited	-	-	(90)	-	(90)
Share options exercised	40	-	(15)	-	25
<b>Balance at 30 September 2023 (unaudited) *</b>	<b>18,912</b>	-	<b>360</b>	<b>(2,342)</b>	<b>16,930</b>
<b>Balance at 1 April 2024 (audited)</b>	<b>19,931</b>	<b>343</b>	<b>564</b>	<b>(4,451)</b>	<b>16,387</b>
Loss for the period	-	-	-	(5,499)	(5,499)
Other comprehensive income net of income tax	-	-	-	-	-
Total comprehensive loss	-	-	-	(5,499)	(5,499)
<b>Transactions with owners in their capacity as owners</b>					
Share options issued	-	-	88	-	88
Share options forfeited	-	-	(121)	-	(121)
<b>Balance at 30 September 2024 (unaudited)</b>	<b>19,931</b>	<b>343</b>	<b>531</b>	<b>(9,950)</b>	<b>10,855</b>

\* restated. Refer note 2.1

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**

As at 30 September 2024

	<b>30 Sep 2024</b> <b>(unaudited)</b> <b>NZ\$000</b>	<b>31 Mar 2024</b> <b>(audited)</b> <b>NZ\$000</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash at bank	368	1,751
Trade receivables and other current assets	6,005	7,622
Income tax receivable	-	26
Inventories	104	273
<b>Total current assets</b>	<b>6,477</b>	<b>9,672</b>
<b>Non-current assets</b>		
Property, plant and equipment	39,200	41,279
Right-of-use assets	10,105	10,545
Intangible assets	5,633	6,163
<b>Total non-current assets</b>	<b>54,938</b>	<b>57,987</b>
<b>Total assets</b>	<b>61,415</b>	<b>67,659</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables and other current liabilities	5,819	5,859
Lease liabilities	1,188	1,162
Borrowings	10,157	10,640
<b>Total current liabilities</b>	<b>17,164</b>	<b>17,661</b>
<b>Non-current liabilities</b>		
Lease liabilities	10,091	10,422
Borrowings	23,305	23,189
<b>Total non-current liabilities</b>	<b>33,396</b>	<b>33,611</b>
<b>Total liabilities</b>	<b>50,560</b>	<b>51,272</b>
<b>Net assets</b>	<b>10,855</b>	<b>16,387</b>
<b>EQUITY</b>		
Share capital	19,931	19,931
Convertible notes reserve	343	343
Share based payments reserve	531	564
Retained earnings	(9,950)	(4,451)
<b>Total equity</b>	<b>10,855</b>	<b>16,387</b>

These consolidated financial statements were approved by the Board on 29 November 2024.

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 2024

	Note	6 mths ended 30 Sep 2024 (unaudited) NZ\$000	6 mths ended 30 Sep 2023 (unaudited) NZ\$000
<b>Cash flows from operating activities</b>			
Receipts from customers		26,330	19,704
Payments to suppliers and employees		(23,240)	(20,079)
Income tax refunded		26	126
<b>Net cash from/(used in) operating activities</b>	8	<b>3,116</b>	<b>(249)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(14)	(2,211)
Receipts from the sale of property, plant and equipment		39	-
Payments for acquisition of businesses and related costs		(172)	(5,148)
Payments for intangible assets		(199)	(3)
<b>Net cash used in investing activities</b>		<b>(346)</b>	<b>(7,362)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		-	6,836
Proceeds from borrowings		29,713	7,244
Principal repayment of borrowings		(30,060)	(2,944)
Interest paid on borrowings		(1,798)	(918)
Interest paid on convertible notes		(143)	-
Payment of debt settlement and brokerage fees		(545)	-
Principal repayment of lease liabilities		(747)	(616)
Interest paid on lease liabilities		(450)	(358)
<b>Net cash(used in)/from financing activities</b>		<b>(4,030)</b>	<b>9,244</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,260)</b>	<b>1,633</b>
Cash and cash equivalents at the beginning of the period		(588)	873
<b>Cash and cash equivalents at the end of the period</b>		<b>(1,848)</b>	<b>2,506</b>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank		368	2,506
Bank overdraft		(2,216)	-
		<b>(1,848)</b>	<b>2,506</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 2024

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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 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 have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('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 consolidated financial statements included in the annual report for the year ended 31 March 2024 which have been prepared in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS'), IFRS<sup>®</sup> Accounting Standards, and other applicable New Zealand Financial Reporting Standards as appropriate for for-profit entities.

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.

The condensed interim consolidated financial statements, including the financial results for the 6 months to 30 September 2024 and 2023, are unaudited. The comparative information as at 31 March 2024 is audited.

### 2.1 Restatement of comparative information

The gain on bargain purchase in the comparative period has been restated to reflect the finalised calculation of the gain as disclosed in the 2024 Annual Report. The gain relates to the acquisition of Bond Contracts Limited on 30 September 2023. The 2023 interim financial statements recognised a gain on bargain purchase of \$1.7 million but noted that the initial accounting for the acquisition had only been provisionally determined at the date of approval of those condensed interim consolidated financial statements. The finalised calculation noted a gain on bargain purchased of \$0.8 million as disclosed in the 2024 Annual Report. This restatement results in a \$0.9m increase in the net loss for the six months to 30 September 2023.

Certain other comparative information in these consolidated financial statements has been adjusted in order to be consistent with the presentation of the current period. These other adjustments are limited to classification and disclosure and had no significant net impact on total assets, total equity, profit or cash flow classification.

## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2024

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### 2.2 Changes in material accounting policies

There have been no changes in the material accounting policies and methods of computation used in preparing the condensed interim consolidated financial statements compared to those of the previous financial year and corresponding interim reporting period. For details of the accounting policies for the 12 months ended 31 March 2024 please refer to the 2024 Annual Report.

### 2.3 Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group has the intention and ability to continue its operations for the foreseeable future.

The Group incurred an after-tax loss of \$5.5 million in the six months to 30 September 2024 (six months to 30 September 2023: \$2.0 million loss). The Group's net cashflows from operating activities was \$3.1 million (six months to 30 September 2023: \$0.25 million net cash outflow).

At the reporting date the Group had cash of \$0.37 million (31 March 2024: \$1.75 million), negative working capital of \$10.7 million (31 March 2024: \$8.0 million negative) and net assets of \$10.9 million (31 March 2024: \$16.4million).

As at 30 September 2024, the Group had borrowings of \$33.5 million (31 March 2024: \$33.8 million) of which \$10.2 million were current (31 March 2024: \$10.6 million) and \$23.3 million were non-current (31 March 2024: \$23.2 million).

In the 3-month period to 30 June 2024, the Group breached its quarterly interest cover ratio and leverage ratio covenants with Kiwibank. The covenant breaches occurred as a result of weaker quarterly trading, with revenue down against budget, particularly from some of the Group's larger customers. Following discussions, the Group and Kiwibank have appropriately modified the funding facilities' covenants. The Group was fully compliant with those modified covenants with effect from 30 September 2024. All other essential terms of the facilities remain unchanged.

On 22 November 2024, in conjunction with the acquisition of Civic Waste Limited (Civic Waste) and with a view to further strengthening the Company's balance sheet and financial position, WasteCo entered into a conditional subscription agreement to issue \$15 million of convertible notes to Empire Waste Technology Limited (Empire) (refer notes 12.1 and 12.2). \$9 million of the funds received will be used to fund the acquisition of Civic Waste with the remainder being available to strengthen the Group's financial position and support future growth. The subscription agreement with Empire is principally conditional upon:

- the completion of WasteCo's acquisition of Civic Waste; and
- WasteCo shareholders approving the issue of the convertible notes, and the potential issue of new shares in the Company to Empire upon their conversion.

The Board anticipates completion of the Civic Waste acquisition and issue of convertible notes in December 2024.

The Company has also announced to shareholders that it intends to launch a share purchase plan (SPP) in conjunction with the Civic Waste acquisition and the issue of convertible notes to Empire. The SPP will be offered to all existing shareholders. The plan aims to raise up to \$5 million in new equity.

The Directors have, at the time of approving the 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.



## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2024

### 3. Revenue

	6 mths ended 30 Sept 2024 (unaudited) NZ\$000	6 mths ended 30 Sept 2023 (unaudited) NZ\$000
Revenue from waste collection, recycling and disposal services	14,929	10,057
Revenue from sweeping services	5,170	5,461
Revenue from industrial cleaning services	4,930	5,260
<b>Total revenue from contracts with customers</b>	<b>25,029</b>	<b>20,778</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. Expenses

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

	6 mths ended 30 Sept 2024 (unaudited) NZ\$000	6 mths ended 30 Sept 2023 (unaudited) NZ\$000
Expenses relating to short term leases	(87)	(87)
Gain/(loss) on sale of property, plant and equipment	41	-
<b>Depreciation and amortisation expenses</b>		
Depreciation of property, plant and equipment	(2,094)	(1,923)
Depreciation of right of use assets	(882)	(720)
Amortisation of intangible assets	(729)	(5)
	<b>(3,705)</b>	<b>(2,648)</b>

#### 4.1 Employee benefit expenses

	6 mths ended 30 Sept 2024 (unaudited) NZ\$000	6 mths ended 30 Sept 2023 (unaudited) NZ\$000
Salary and wages	(10,261)	(9,857)
Employer Kiwisaver contributions	(282)	(256)
Share based payments	43	(56)
	<b>(10,500)</b>	<b>(10,169)</b>

**Condensed Notes to the Consolidated Financial Statements**

For the six months ended 30 September 2024

## 4.2 Finance costs

	<b>6 mths ended 30 Sept 2024 (unaudited) NZ\$000</b>	<b>6 mths ended 30 Sept 2023 (unaudited) NZ\$000</b>
Interest on asset finance borrowings	(1,280)	(903)
Interest on lease liabilities	(450)	(358)
Interest on convertible notes	(245)	-
Interest on overdraft	(86)	-
Debt settlement and brokerage fees	(545)	-
Interest charged by suppliers	-	(15)
	<b>(2,606)</b>	<b>(1,276)</b>

**5. 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.

	<b>For the 6 months to 30 September 2024</b>				
	<b>Waste collection &amp; recycling NZ\$000</b>	<b>Sweeping services NZ\$000</b>	<b>Industrial cleaning NZ\$000</b>	<b>Corporate / unallocated NZ\$000</b>	<b>Total NZ\$000</b>
Total revenue	14,929	5,170	4,930	-	25,029
Operating EBITDA	4,741	2,104	1,116	(6,160)	1,801
Depreciation and amortisation	(632)	(125)	(566)	(2,382)	(3,705)
Other income	18	-	48	1	67
Finance income	-	-	-	8	8
Finance costs	(53)	-	(59)	(2,494)	(2,606)
Acquisition and due diligence costs	-	-	-	(172)	(172)
Restructure costs	-	-	-	(892)	(892)
Net profit/(loss) before taxation	4,074	1,979	539	(12,091)	(5,499)
Income tax benefit	-	-	-	-	-
Net profit/(loss) for the period	4,074	1,979	539	(12,091)	(5,499)

**Condensed Notes to the Consolidated Financial Statements**

For the six months ended 30 September 2024

	<b>For the 6 months to 30 September 2023 *</b>				
	<b>Waste collection &amp; recycling</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	(6,579)	286
Finance income	-	-	-	26	26
Finance costs	-	-	-	(1,276)	(1,276)
Depreciation and amortisation	(996)	(427)	(741)	(484)	(2,648)
Acquisition and due diligence costs	-	-	-	(254)	(254)
Gain on bargain purchase	-	-	-	762	762
Net profit/(loss) before taxation	1,529	2,144	1,028	(7,805)	(3,104)
Income tax benefit	-	-	-	1,078	1,078
Net profit/(loss) for the period	1,529	2,144	1,028	(6,727)	(2,026)

\* restated. Refer note 2.1

## 5.1 Seasonal and cyclical influences

There are no seasonal or cyclical influences on these interim results.

**6. Earnings/(loss) per share**

	<b>6 mths ended 30 Sept 2024 (unaudited)</b>	<b>6 mths ended 30 Sept 2023 (unaudited) *</b>
Basic and diluted earnings/(loss) per share (NZ\$)	(0.0065)	(0.0027)
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)	(5,499)	(2,026)
Weighted average number of ordinary shares used in the calculation of basic and basic loss per share ('000)	848,373	756,387

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 (30 September 2023: no share options considered to be dilutive).

The Group has issued \$3 million convertible notes. These notes are not considered to be dilutive as their share price for conversion of \$0.05 was higher than the market price of the Company's shares at the reporting date, and also due to the Group's loss (2023: none).

\* restated. Refer note 2.1

**Condensed Notes to the Consolidated Financial Statements**

For the six months ended 30 September 2024

**7. Borrowings**

	<b>30 Sep 2024</b>	<b>31 Mar 2024</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>NZ\$000</b>	<b>NZ\$000</b>
<b>Secured borrowings at amortised cost</b>		
Bank overdraft	2,216	2,340
Asset finance	28,360	28,177
<b>Unsecured borrowings at amortised cost</b>		
Other loans	125	655
Convertible notes	2,761	2,657
<b>Total borrowings</b>	<b>33,462</b>	<b>33,829</b>
Current	10,157	10,640
Non-current	23,305	23,189
	<b>33,462</b>	<b>33,829</b>

On 6 May 2024 WasteCo NZ Limited entered into a new funding arrangement with Kiwibank Limited ('Kiwibank') comprising:

- a \$17 million Kiwi Asset Finance KiwiPlus facility with principal and interest payable over a term of 48 months. Interest is charged at a rate calculated as Kiwibank's cost of funds plus a cost of funds margin of 2.80% per annum;
- a \$15.45 million Kiwi Asset Finance KiwiPlus facility with interest only payable over a term of 24 months. Interest is charged at a rate calculated as Kiwibank's cost of funds plus a cost of funds margin of 2.80% per annum; and
- a \$3 million Kiwibank Overdraft facility to fund working capital.

The new funding facilities were used to refinance existing Kiwibank and Kiwi Asset Finance facilities, and all existing non-bank facilities.

The facilities are secured by:

- a first ranking and exclusive General Security Agreement over WasteCo NZ Limited and the entities within the Group, including WasteCo Group Limited;
- an unlimited cross guarantee between each Group entity; and
- a specific Security Agreement over each individual asset of Wasteco NZ Limited with a value greater than \$50,000.

**7.1 Bank covenants**

In the 3 month period to 30 June 2024, the Group breached its quarterly interest cover ratio and leverage ratio covenants with Kiwibank. The covenant breaches occurred as a result of weaker quarterly trading, with revenue down against budget, particularly from some of the Group's larger customers.

Following discussions, the Group and Kiwibank have appropriately modified the funding facilities' covenants. The Group was fully compliant with those modified covenants with effect from 30 September 2024. All other essential terms of the facilities remain unchanged.

**Condensed Notes to the Consolidated Financial Statements**

For the six months ended 30 September 2024

**8. Reconciliation of profit or loss after taxation with cash flow from operating activities**

	<b>6 mths ended 30 Sep 2024 (unaudited) NZ\$000</b>	<b>6 mths ended 30 Sep 2023 (unaudited) * NZ\$000</b>
<b>Net (loss)/profit after taxation</b>	<b>(5,499)</b>	<b>(2,026)</b>
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	2,094	1,923
Depreciation on right of use assets	882	720
Amortisation of intangible assets	729	5
Share based payments	(33)	56
Interest paid on borrowings	1,798	918
Interest paid on convertible notes	245	-
Interest paid on lease liabilities	450	358
Debt settlement and brokerage fees	545	-
Acquisition expenses	172	-
Gain on sale of fixed assets	(38)	-
Gain on business acquisition	-	(762)
Income tax (benefit)/expense	-	(1,078)
<b>Movements in working capital</b>		
(Increase)/decrease in trade receivables and other current assets	1,617	(1,342)
(Increase)/decrease in inventory	168	5
(Increase)/decrease in income tax receivable	26	126
Increase/(decrease) in trade payables and other current liabilities	(40)	1,264
Movement in working capital on business acquisition	-	(416)
<b>Net cash from/(used in) operating activities</b>	<b>3,116</b>	<b>(249)</b>

\* restated. Refer note 2.1

**9. Related parties****9.1 Directors**

During the period the directors of the Company were Shane Edmond, Carl Storm (who resigned as director effective 16 August 2024), James Redmayne, Roger Gower and Angus Cooper (who resigned as director effective 31 October 2024).

**9.2 Key management personnel compensation**

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

**Condensed Notes to the Consolidated Financial Statements**

For the six months ended 30 September 2024

Key management personnel compensation is set out below.

	<b>6 mths ended 30 Sept 2024 (unaudited) NZ\$000</b>	<b>6 mths ended 30 Sept 2023 (unaudited) NZ\$000</b>
Short term benefits - WasteCo directors	536	-
Share based payments - WasteCo directors	10	25
Short-term benefits - key management employees	385	219
Share based payments - key management employees	5	40
	<b>936</b>	<b>284</b>

**9.3 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. \$81,876 was paid in rent to Bastre Properties in the reporting period ended 30 September 2024 (6 months to 30 September 2023: \$81,876). As at 30 September 2024 the Group recognised \$1,059,378 of lease liabilities due to Bastre Properties (31 March 2024: \$979,824).

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.

**9.4 Other transactions with related parties**

Carl Storm's wife, Dawn Storm, received total remuneration of \$83,345 as an employee of the Group in the 6 months to 30 September 2024 (6 months to 30 September 2023: \$35,000).

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.

Cada Consulting Limited, a company of which Carl Storm was a director, was paid \$68,751 in consulting fees in the 6 months to 30 September 2024 (6 months to 30 September 2023: nil)

Variable Financial Solutions (NZ) Limited, a company of which James and Samantha Redmayne are directors, was paid \$70,018 in consulting fees in the 6 months to 30 September 2024 (6 months to 30 September 2023: nil)

**10. Contingent liabilities**

There are no contingent liabilities as at 30 September 2024 (31 March 2024: nil).

**11. Commitments**

WasteCo is in discussions on a potential lease agreement for an industrial vacuum vehicle. The obligation amount is still to be confirmed and is estimated at \$650,000. (31 March 2024: \$570,000).

## Condensed Notes to the Consolidated Financial Statements

For the six months ended 30 September 2024

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### 12. Events subsequent to reporting date

#### 12.1 Conditional acquisition of Civic Waste Limited (Civic Waste)

On 22 November 2024 the Company entered into a conditional agreement to acquire Civic Waste. Civic Waste is a waste management company based in Auckland, with operations and contracts in Auckland, Hamilton and Wellington.

The purchase price for the transaction is \$9 million, together with an earn out component based on the achievement of certain financial performance milestones during the course of the 12-month period following the completion of the transaction.

The acquisition is conditional principally upon:

- WasteCo shareholders approving the issue of \$15 million of convertible notes to Empire Capital (refer note 12.2), and the potential issue of new shares in the Company to Empire Capital upon the conversion of those notes. A special shareholders' meeting will be held on 13 December 2024 to seek shareholder approval.
- obtaining the approval to the change of control of Civic Waste from the counterparties to a number of significant commercial contracts with Civic Waste.

The Board anticipates that the acquisition will be completed in December 2024.

#### 12.2 Conditional agreement to raise \$15 million of new convertible notes

On 22 November 2024, in conjunction with the acquisition of Civic Waste and with a view to further strengthening the Company's balance sheet and financial position, WasteCo entered into a conditional subscription agreement to issue \$15 million of convertible notes to Empire Waste Technology Limited (Empire).

The funds raised through the issue of the convertible notes will be applied towards:

- satisfying the payment of the purchase price payable to acquire Civic Waste; and
- providing growth capital for the Company.

The convertible notes will have a five-year term and be convertible at the option of Empire. The conversion price for the notes will be \$0.02 per new WasteCo share issued to Empire. In the event that all of the convertible notes were ultimately converted, Empire would be issued a total of 750 million new WasteCo shares.

Interest will be paid on the outstanding notes at a rate of 6% per annum.

The obligations of WasteCo to Empire under the notes are to be secured by a second ranking general security agreement (GSA) over the present and after acquired property of WasteCo. This GSA will rank behind the existing GSA registered in favour of the Company's existing bankers.

The subscription agreement with Empire is principally conditional upon:

- the completion of WasteCo's acquisition of Civic Waste; and
- WasteCo shareholders approving the issue of the convertible notes, and the potential issue of new shares in the Company to Empire upon their conversion.

The completion of the subscription for the convertible notes will complete on the same date as the Civic Waste transaction settles.

WasteCo Group Limited  
**Company Directory**

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**COMPANY NUMBER**  
3202682

**INCORPORATED**  
24 November 2010

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**SOLICITORS**  
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70 Gloucester Street  
Christchurch 8013

**BANKERS**  
Kiwibank Limited  
Christchurch

**BOARD OF DIRECTORS**  
Shane Edmond  
Roger Gower  
James Redmayne