



WasteCo Group announces half-year results for the six months ended 30 September 2024

WasteCo Group Limited (NZX: WCO) (**WasteCo** or the **Group**) today announces its results for the six months ended 30 September 2024 (**HY25**).

Revenue is up 20% to \$25.0 million compared with the same period last year (**HY24**). This strong revenue growth contributed to operating EBITDA of \$1.8 million for the period before restructuring, acquisition and due diligence costs.

The acquisition of the waste division of Bond Contracts, Cleanways Group and Central Suction Cleaners Nelson in 2023 all contributed positively to the operating EBITDA result.

The Group recorded a loss from operations of \$1.83m compared to a loss of \$2.3m for the six months ended 30 September 2023. Net loss for the period before tax was \$5.5 million (HY23: loss of \$3.1 million). The economic slowdown has impacted many WasteCo customers including the retail and construction sector and local authorities.

The result was impacted by one-off costs in relation to organisational restructuring. The Group undertook an organisational and management review along with other cost-saving initiatives to improve profitability.

Acquisition of Civic Waste Limited by WasteCo

Acquisition and due diligence costs were incurred in relation to the recent announcement to the market on 22 November 2024 of WasteCo entering into a conditional agreement to acquire 100% of the shares on issue of Civic Waste Limited ("Civic Waste") for \$9 million.

Civic Waste is a leading North Island-based waste management company with operations in Auckland, Hamilton and Wellington. This acquisition will significantly boost the Group's EBITDA and establish a foothold in the North Island for continued growth and realisation of operational efficiencies.

Convertible Notes Investment by Empire Waste Technology Limited

Empire Waste Technology Limited ("Empire"), an investment vehicle of Simon and Paula Herbert, has agreed to subscribe to a \$15-million convertible note issued by WasteCo ("Notes"). The Notes issuance will fund the Civic Waste acquisition and provide working capital for WasteCo to support further acquisitions and otherwise strengthen its balance sheet.

Share Purchase Plan for Existing Shareholders

In its 22 November 2024 announcement, WasteCo advised it would be offering a Share Purchase Plan (SPP) to allow existing shareholders to participate in the company's growth. The SPP aims to raise up to \$5 million in new equity through the issue of 250million new ordinary shares at \$0.02 each. Each shareholder at the record date will be able to subscribe for up to \$50,000.

The issue of the Notes to Empire and the issue of up to 250million shares through the SPP are subject to shareholder approval. The shareholder meeting is scheduled for 13 December at 11.00am.

Looking ahead to the second half of the year

WasteCo has had a large focus on improved asset utilisation and the sell down of assets surplus to use outside its core area of speciality. These changes, coupled with the forecast contribution from Civic Waste, are expected to provide increased profitability for the second half of the 2025 financial year (FY25). Civic Waste is expected to contribute an additional \$20 million in revenue in the 12 months following the acquisition.

On 11 September 2024, WasteCo announced a breach of its quarterly interest cover ratio and leverage ratio with its primary financier, Kiwibank Limited. WasteCo has now appropriately modified its covenants with Kiwibank Limited and is in full compliance with those covenants with effect from 30 September 2024. All other essential terms of the facilities remain unchanged.

The condensed interim consolidated financial statements for HY25 that accompany this release are unaudited.

Key Highlights

- Revenue is up 20% to \$25.0 million compared with the same period last year (HY24).
- Significant costs included an organisational restructure and acquisition and due diligence-related expenses for the recently announced conditional acquisition of Civic Waste.
- The economic environment remains challenging, however WasteCo is positive that the recent reduction in the official cash rate will result in increased activity in the building and construction activity in the short to medium term.
- The senior leadership team is now well established with the recent additions of Chris Brown as Chief Operating Officer and Luke Bown appointed as Chief of Sales. Regional Manager reporting lines have been reorganised to the COO.

- During HY25, the Group has secured additional contracted revenue exceeding \$1m, including:
 - Mitre 10 contract for the South Island across 9 locations and 7 extra stores.
 - Renewal of Williams Corporation contract.
 - Waimakariri District Council septic contract.

Acknowledgement

WasteCo acknowledges the resignation of its entrepreneurial founders, James Redmayne and Carl Storm, from their executive roles in June and July 2024, respectively, with David Peterson taking over as Chief Executive Officer from 26 February 2024.

James Redmayne remains as a non-Executive Director and shareholder and Carl Storm as a shareholder as WasteCo continues its evolution from an innovative waste services start-up to a listed entity with operations across New Zealand.