



WasteCo Group announces half year results for the six months ended 30 September 2023

WasteCo Group Limited (NZX: WCO) (**WasteCo** or the **Group**) today announces its results for the six months ended 30 September 2023 (**HY24**).

Revenue is up 22% to \$20.8million compared to the same period last year (**HY23**). Other income and business acquisition gains of \$1.7million (an increase of \$1.7million on HY23) helped bring total income and revenue to \$22.5million (HY23: \$17.2million).

This strong revenue growth contributed to EBITDA of \$1.8million for the period.

However the Group recorded a net loss for the period after tax of \$1.1million (HY23: profit of \$0.4million) due in large part to one off costs including capital raising expenses, due diligence expenses related to business acquisitions during HY24, and upgrade to the facilities and operations at 421 Blenheim Road, Christchurch. These non-recurring costs are estimated to be \$0.8million.

Despite the loss, WasteCo remains confident in the underlying strength of its business. The Group has undertaken a comprehensive review of its costs and revenues, and has implemented a number of changes to assist to improve profitability. These changes, coupled with the contribution from new business acquisitions and recent customer price increases, are expected to provide a return to profitability for the second half of the financial year (**FY24**).

The condensed interim consolidated financial statements for HY24 that accompanies this release are unaudited. As disclosed in the notes to the interim financial statements, the comparative figures included for HY23 are those of WasteCo Holdings NZ Limited, the Group's primary subsidiary given that HY24 is the first time that the Group has reported half year results following the reverse listing transaction in December 2022.

Key Highlights

- Costs in HY24 continued to reflect the transition from a private company to a listed entity, with significant one-off costs from initial listing compliance, capital raising, and due diligence and legal costs of new business acquisitions.

- The Group made two significant business acquisitions in Southland and Central Otago during the period:
 - Cleanways Group (1 June 2023), a substantial liquid waste management business (with premises in both Invercargill and Central Otago).
 - The environmental division of Bond Contracts (30 September 2023), which has a significant waste collection and transfer station operation contract with Invercargill City Council, Southland District Council and Gore District Council (together referred to as the WasteNet Councils).
- These acquisitions are earnings-positive and provide WasteCo with a significant presence in the Southland and Central Otago region, positioning the company well for additional growth as services are added.
- These business acquisitions follow the purchase of the business and assets of Central Suction Cleaners in Nelson in March 2023, which has been successfully integrated into the Group and is performing well.
- During HY24, the Group commenced a substantial upgrade of its materials handling facilities at 421 Blenheim Road, Christchurch, enabling a broader range of industrial waste to be handled at lower costs. This upgrade is on track for completion by March 2024.
- The economic environment remains challenging, with fuel price increases and higher interest rates impacting profitability and demand as customers adjust their own operations in response to slowing economic activity.
- The Group has undertaken a review of its organisation structure and management team and is recruiting a new CEO following the decision by the current CEO to transition to lead business development across the Group, as announced at WasteCo's annual meeting on 8 September 2023.
- In addition to the signalled change of CEO, the Group has appointed:
 - Nigel Franklin as Director-Finance to lead the finance function across the Group.
 - Chanelle Sefont as Head of People Safety and Wellbeing.
- The line management roles have been reorganised to regional managers responsible for all operations.
- The Group has invested heavily in systems and successfully implemented these, significantly improving our reporting ability.
- During HY24, the Group has secured additional contracted revenue, including:

- A substantial quarantine waste contract - \$1.2 million annually (started October 2023).
- Additional road sweeping contracts - \$1.8 million annually (signed since August 2023).
- A significant home builder contract - \$625k annually.
- Sizeable one-off contracts - \$600k annually.

Outlook

WasteCo is well-positioned for continued growth, with strong market positions in its chosen sectors and the recent business acquisitions positively contributing to the Group. In addition to the growth within existing businesses there continues to be compelling acquisition opportunities in the South Island. The Group expects to report an EBITDA result for the second half of FY24 in the range of \$4.0million - \$4.5million on revenue in excess of \$25million.