Appendix 4D

Results for announcement to the market for the half-year ended 31 December 2023.

ASX Listing Rule 4.2A.3.

Reporting period

Reporting period: 31 December 2023

Previous corresponding period: 31 December 2022

The Half-Year Consolidated Financial Report should be read in conjunction with the 2023 Annual Report.

Results for announcement to the market

	31 DEC 2023 $'M	31 DEC 2022 $'M	UP/DOWN	MOVEMENT
Revenue from ordinary activities	**1,871.6**	1,777.9	Up	5.3%
Profit after income tax	**74.3**	49.0	Up	51.6%
Attributable to:				
Ordinary equity holders of the parent	**73.2**	47.9	Up	52.8%
Non-controlling interest	**1.1**	1.1	–	n/a
Profit after income tax	**74.3**	49.0		

Dividends

DIVIDEND INFORMATION	AMOUNT PER SHARE (CENTS)
Final 2023 unfranked dividend (paid 6 October 2023)	**2.45**
Interim 2024 unfranked dividend (to be paid 8 April 2024)	**2.45**
Interim dividend dates:	
Record date	4 March 2024
Payment date	8 April 2024

An interim dividend of 2.45 cents per share has been declared. The Dividend Reinvestment Plan (DRP) will be in operation for the interim dividend. The DRP election date is 5 March 2024. Under the DRP, Cleanaway shares will be issued at the average of the daily Volume Weighted Average Price (VWAP) of all shares sold on the ASX over the period from 6 March 2024 to 12 March 2024. No discount will be applied to shares issued under the DRP.

Net Tangible Assets (NTA) per security

	31 DEC 2023 CENTS	30 JUNE 2023 CENTS
NTA per security (including right-of-use assets)	**(5.2)**	(5.7)

Commentary on the results for the period

Refer to the Half-Year Consolidated Financial Report, the Media Release and Investor Presentation for the half-year ended 31 December 2023.

Status of audit

The Consolidated Financial Report for the half-year ended 31 December 2023, which contains the independent auditor's review report, is attached.

D J F Last
Company Secretary
15 February 2024

Cleanaway Waste Management Limited

ABN 74 101 155 220

Consolidated Financial Report

For the half-year ended 31 December 2023

Contents of Financial Statements

This interim Consolidated Financial Report does not include all notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by Cleanaway Waste Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

The Directors present their Report together with the Consolidated Financial Statements of the Group, consisting of Cleanaway Waste Management Limited (the Company) and its controlled entities (Cleanaway or the Group), for the half-year ended 31 December 2023.

Directors

The names of Directors of the Company at any time during or since the end of the financial period are set out below. Directors were in office for this entire period unless otherwise stated.

P G Etienne	Chairman and Non-Executive Director (appointed as Chairman on 20 September 2023)
M P Chellew	Chairman and Non-Executive Director (retired 20 September 2023)
M J Schubert	Chief Executive Officer and Managing Director
R M Smith	Non-Executive Director (retired 31 August 2023)
T A Sinclair	Non-Executive Director
S L Hogg	Non-Executive Director
I A Player	Non-Executive Director
A M Kelly	Non-Executive Director
J McArthur	Non-Executive Director
C M Stiff	Non-Executive Director

The office of Company Secretary is held by D J F Last, LLB (Hons), B.Com, FGIA, GAICD.

Review of results

The Group's statutory profit after income tax (attributable to ordinary equity holders) for the half-year ended 31 December 2023 was $73.2 million (2022: $47.9 million).

The Group's underlying profit after income tax (attributable to ordinary equity holders) for the half-year ended 31 December 2023 of $81.6 million increased by 24.0% on the prior period (2022: $65.8 million).

Operating cash flows increased 12.9% to $229.6 million (2022: $203.4 million). On 21 August 2023 the Group acquired the business and assets of Australian Eco Oils Pty Ltd (AEO) for consideration of $39.1 million.

The Group's net assets increased from $2,945.4 million at 30 June 2023 to $2,969.4 million at 31 December 2023.

At 31 December 2023 the Group had a net current asset deficiency of $208.7 million (30 June 2023: $170.0 million). As set out in note 7 to the Consolidated Financial Statements, the Group has unutilised committed debt facilities of $343.3 million at 31 December 2023 available to repay the Group's creditors as required and therefore the Directors are satisfied that the Group can meet its financial obligations as and when they fall due.

The Group's gearing ratio for the half-year ended 31 December 2023, defined as net debt over net debt plus equity, was 36.0% (30 June 2023: 34.3%). The weighted average debt maturity is 3.9 years (30 June 2023: 3.6 years).

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC), relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Legislative Instrument to the nearest hundred thousand dollars or, in certain cases, to the nearest dollar.

Operating review

Group results for the half-year ended 31 December 2023

		UNDERLYING ADJUSTMENTS		
	STATUTORY [1] $'M	INTEGRATION COSTS [4] $'M	IT TRANSFORMATION COSTS [5] $'M	UNDERLYING [1] $'M
Solid Waste Services				299.6
Industrial & Waste Services				28.6
Liquid Waste & Health Services				52.0
Equity accounted investments				(2.7)
Waste management				**377.5**
Corporate				(21.0)
EBITDA [2]	**344.5**	**1.3**	**10.7**	**356.5**
Depreciation and amortisation	(182.6)	–	–	(182.6)
EBIT [3]	**161.9**	**1.3**	**10.7**	**173.9**
Net finance costs	(56.9)	–	–	(56.9)
Profit before income tax	**105.0**	**1.3**	**10.7**	**117.0**
Income tax expense	(30.7)	(0.4)	(3.2)	(34.3)
Profit after income tax	**74.3**	**0.9**	**7.5**	**82.7**
Attributable to:				
Ordinary equity holders	**73.2**	**0.9**	**7.5**	**81.6**
Non-controlling interest	**1.1**	–	–	**1.1**

1 The use of the term 'Statutory' refers to IFRS financial information and 'Underlying' refers to non-IFRS financial information. Underlying earnings are categorised as non-IFRS financial information. The exclusion of underlying adjustments provides a result which, in the Directors' view, more closely reflects the ongoing operations of the Group. The non-IFRS financial information is unaudited.
2 EBITDA represents earnings before interest, income tax, and depreciation, amortisation, and impairments.
3 EBIT represents earnings before interest and income tax.
4 Costs of $1.3 million associated with the integration of Global Renewables Holdings Pty Ltd were incurred during the period.
5 IT transformational project costs related to customisation and configuration of cloud-based software, which Cleanaway does not control and therefore the costs do not qualify for capitalisation as intangible assets.

Operating review (continued)

Group results for the half-year ended 31 December 2022

	STATUTORY [1] $'M	UNDERLYING ADJUSTMENTS ACQUISITION & INTEGRATION COSTS [4] $'M	FLOOD IMPACTS [5] $'M	MEDICAL WASTE FACILITY INCIDENTS [6] $'M	UNDERLYING [1] $'M
Solid Waste Services					267.9
Industrial & Waste Services					25.4
Liquid Waste & Health Services					48.3
Equity accounted investments					0.6
Waste management					**342.2**
Corporate					(20.0)
EBITDA [2]	**298.5**	**5.5**	**(0.2)**	**18.4**	**322.2**
Depreciation and amortisation	(183.9)	–	–	–	(183.9)
EBIT [3]	**114.6**	**5.5**	**(0.2)**	**18.4**	**138.3**
Net finance costs	(45.4)	–	–	–	(45.4)
Profit before income tax	**69.2**	**5.5**	**(0.2)**	**18.4**	**92.9**
Income tax expense	(20.2)	(0.4)	0.1	(5.5)	(26.0)
Profit after income tax	**49.0**	**5.1**	**(0.1)**	**12.9**	**66.9**
Attributable to:					
Ordinary equity holders	**47.9**	**5.1**	**(0.1)**	**12.9**	**65.8**
Non-controlling interest	**1.1**	–	–	–	**1.1**

1 The use of the term 'Statutory' refers to IFRS financial information and 'Underlying' refers to non-IFRS financial information. Underlying earnings are categorised as non-IFRS financial information. The exclusion of underlying adjustments provides a result which, in the Directors' view, more closely reflects the ongoing operations of the Group. The non-IFRS financial information is unaudited.

2 EBITDA represents earnings before interest, income tax, and depreciation, amortisation, and impairments.

3 EBIT represents earnings before interest and income tax.

4 Acquisition and integration costs of $5.5 million include transaction costs and other costs associated with the acquisition of Global Renewable Holdings Pty Ltd of $3.4 million and the ongoing integration of the Sydney Resource Network of $2.1 million.

5 Several Cleanaway sites were impacted by the East Coast floods which occurred during late February and early March 2022. Insurance proceeds of $0.2 million have been recognised during the current period in relation to damaged fleet.

6 In June 2022, a fire caused significant damage to equipment at the medical waste processing facility in Dandenong, Victoria. The Victorian Health business has incurred additional net expenses of $18.4 million during the half-year ended 31 December 2022, largely related to alternative waste disposal costs.

Operating review (continued)

The Group comprises three operating segments being Solid Waste Services, Industrial & Waste Services and Liquid Waste & Health Services. Unallocated balances include the Group's share of profits from equity accounted investments and corporate balances. A description of the operating segments and a summary of the associated segment results are set out below:

Solid Waste Services

	31 DEC 2023 $'M	31 DEC 2022 $'M
Underlying EBITDA [1]	**299.6**	267.9
Underlying EBIT [2]	**159.0**	124.5

Core business	The Solid Waste Services segment comprises the collection, recovery and disposal of all types of solid waste, including putrescible waste, inert waste, household waste and recovered waste. Waste streams are generally processed through our resource recovery and recycling facilities, transfer stations and landfills.
Financial metrics	Total revenue for the Solid Waste Services segment increased by 2.4% to $1,376.9 million, and net revenue [3] increased by 5.2% to $1,092.4 million. Underlying EBITDA increased by 11.8% to $299.6 million, and underlying EBIT increased by 27.7% to $159.0 million. The underlying EBIT margin increased 260 bps to 14.6% from 12.0% on the prior corresponding period (pcp).
Performance	Net Revenue growth was driven by new business, contracted price increases and pricing discipline, strong growth in NSW/ACT and QLD and higher Container Deposit Scheme (CDS) volumes. Revenue growth was tempered by lower Construction and Demolition (C&D) volumes nationally mirroring weakness in the construction sector. Landfill volumes were softer due to increased competition particularly in VIC, the flow-on effect of lower C&D volumes and increased rates of Food and Garden Organics (FOGO) diversion. Underlying EBIT growth of 27.7% was driven by the benefit of branch-led operational excellence initiatives, especially evident in the NSW/ACT Solids business and the recovery of the QLD Solids business. In addition, there was a recovery in the contribution from commodities, in particular Old Corrugated Cardboard (OCC) as the market stabilised after significant volatility in the pcp. Growth in the NSW/ACT Solids business unit was driven by growth from Transfer Stations, Collections and Organics. Transfer Station growth was driven by higher volumes and prices. Collections benefited from uprates, reduced labour costs and the commencement of a large national account. Organics volumes were higher, reflecting a full six-month contribution from Eastern Creek Organics (GRL), and whilst volumes in the Sydney Resource Network (SRN) landfills were reduced, they benefited from good pricing discipline and from the roll-out of operational efficiency measures such as insourcing of landfill operations at Kemps Creek and the internalisation of leachate treatment. The restoration of the QLD Solids business is tracking ahead of expectations and the business re-set itself up to operate without the New Chum landfill. Profitability has been restored through cost control and branch-led data driven operational efficiency initiatives which have enabled increased productivity, particularly in relation to labour, operating costs and customer service as evidenced by their Service-In-Full-On-Time measure increasing to 99.3% up from 97.6% in the previous half. EBIT from the landfills was up on pcp, as benefits from pricing, mix and improved efficiency measures offset the impact of lower volumes. Management remained focused on meeting the ongoing competition, particularly in VIC through initiatives to improve costs, expand waste codes and improve the customer value proposition, such as through reduced turn-around times. Growth in Cleanaway's CDS operations continued to accelerate. In November 2023, CDS VIC operations were successfully launched with over 140 outlets. CDS QLD benefited from an expansion of the program to include wine and spirit bottles, and in December 2023, NSW had one of its highest volume months in its operating history.

1 EBITDA represents earnings before interest, income tax, and depreciation, amortisation and impairments.
2 EBIT represents earnings before interest and income tax.
3 Net revenue excludes landfill levies collected of $284.5 million (31 December 2022: $306.8 million).

Operating review (continued)

Industrial & Waste Services

	31 DEC 2023 $'M	31 DEC 2022 $'M
Underlying EBITDA	**28.6**	25.4
Underlying EBIT	**15.6**	12.4

Core business	The Industrial & Waste Services (I&WS) segment provides a wide variety of services to the Resources, Oil & Gas, Industrial and Infrastructure markets. Services include high pressure cleaning, vacuum loading, pipeline maintenance, non-destructive digging, drain cleaning and CCTV.
Financial metrics	Total revenue increased by 15.3% to $210.5 million, underlying EBITDA increased by 12.6% to $28.6 million and underlying EBIT increased by 25.8% to $15.6 million.
Performance	Strong revenue growth was largely driven by increased activity with existing and recently acquired key customers that includes the mobilisation of the national Santos contract. During the half, I&WS's delivery of unique operating solutions and deployment of technology continued to drive its successful re-sign rate and ability to win new business. Higher input prices were recovered through contract escalation clauses and rate card price increases and to support the optimisation of project delivery performance and financial outcomes, a Project Management Office (PMO) was established to optimise systems, processes, fleet and labour. Over the last two years, I&WS has pursued and delivered its strategy to increase the proportion of its earnings from Oil & Gas and Resources companies. It has also directed its focus on larger more complex, higher value tenders and renewals to drive further improvement in returns.

Operating review (continued)

Liquid Waste & Health Services

	31 DEC 2023 $'M	31 DEC 2022 $'M
Underlying EBITDA	**52.0**	48.3
Underlying EBIT	**28.9**	26.6

Core business	The Liquid Waste & Health Services segment comprises: • Liquid Waste – the collection, treatment, processing, refining and recycling and destruction of hazardous and non-hazardous liquids, hydrocarbons and chemical waste, specialised packaged and hazardous waste. • Health Services – the provision of services to the health sector for the safe treatment and disposal of health-related waste which includes sharps management, medical waste, pharmaceutical waste, healthcare hazardous waste and quarantine waste.
Financial metrics	Liquid Waste & Health Services revenue increased 13.8% to $348.2 million, underlying EBITDA increased 7.7% to $52.0 million and underlying EBIT increased 8.6% to $28.9 million. Underlying EBIT margin was 8.3%, down 40 bps from 8.7% in the pcp.
Performance	In the Liquid and Technical Services (LTS) business revenue grew 18.1% on pcp. The business benefitted from the ongoing delivery of its large-scale nickel site rehabilitation project for BHP and continued work with government agencies across Australia, including recycling of expired hand sanitizer, and the rectification of an illegal hazardous waste dump. The temporary closure of a QENOS facility tempered revenue growth for the period. On 21 August 2023, LTS completed the acquisition of Australian Eco Oils (which trades under the Scanline brand) which is delivering in line with its business case. LTS continues to build on its market-leading capabilities and growing reputation of being able to treat, reuse and dispose of complex, hard to treat waste streams. During the half, LTS re-signed two key state-wide, household recycling community contracts and was awarded stewardship of the national paint recycling program, Paintback for the next four years. The restoration of the Health Services earnings continued with a return to profitability in Q2. This was primarily the result of the VIC operations being able to resume waste treatment and disposal activities following the commissioning of the two new autoclaves at the end of FY23. Operating costs for the period were higher than in the prior period as the business finalised the commissioning activity associated with the new VIC autoclaves. Health Services is on track to deliver its targeted annualised run-rate of $15 million EBIT in Q4 of this financial year. Hydrocarbons revenue was up 5.1% on pcp while EBIT was marginally down. Growth in Cleanaway Equipment Services revenue was driven by new customers and price increases. In Oil Collections, a deliberate focus on selling higher margin, higher quality base oil to domestic customers largely offset the impact of the lower average oil price. During the half, the Hydrocarbons business continued to investigate options to leverage the circular nature of its business.

Directors' Report

Environmental regulation

The Group's operations are subject to significant environmental regulation and where required by law the Group holds environmental licences for its sites.

The Group is committed to achieving the highest standards of environmental performance. There were no material breaches of environmental statutory requirements and no material prosecutions during the half-year under review. Proceedings have commenced against the Company in relation to events that occurred at the New Chum site, following the extreme rain events that occurred at the site in February, March and May 2022. These proceedings are at an early stage and the Company has not been required to enter into a plea at the date of this Report.

The Group is registered under the *National Greenhouse and Energy Reporting Act 2007*, under which it is required to report energy consumption, energy production and greenhouse gas emissions for its Australian facilities. This information is available in the Group's Sustainability Report which can be found on the Company's website at: https://www.cleanaway.com.au/sustainability-report/.

Significant changes in the state of affairs

Other than matters mentioned in this Report, no other significant changes in the state of affairs of the Group occurred during the half-year under review.

Events subsequent to reporting date

There have been no matters or circumstances that have arisen since the end of the half-year that have affected the Group's operations not otherwise disclosed in this report.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

This Report is made in accordance with a resolution of the Board.

P G Etienne
Chairman and Non-Executive Director

M J Schubert
Chief Executive Officer and Managing Director

Melbourne,

15 February 2024

Auditor's Independence Declaration

Building a better working world

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Auditor's Independence Declaration to the Directors of Cleanaway Waste Management Limited

As lead auditor for the review of the half-year financial report of Cleanaway Waste Management Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cleanaway Waste Management Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Ashley Butler
Partner
15 February 2024

Consolidated Income Statement

For the half-year ended 31 December 2023

	NOTES	31 DEC 2023 $'M	31 DEC 2022 $'M
Revenue	3	1,871.6	1,777.9
Other income		0.9	0.4
Labour related expenses		(657.9)	(582.7)
Collection, recycling, and waste disposal expenses		(560.7)	(613.1)
Fleet operating expenses		(198.7)	(191.9)
Property expenses		(36.3)	(30.8)
Other expenses		(71.7)	(61.9)
Share of (losses)/profit from equity accounted investments	5	(2.7)	0.6
Depreciation and amortisation expense		(182.6)	(183.9)
Profit from operations		**161.9**	**114.6**
Net finance costs	6	(56.9)	(45.4)
Profit before income tax		**105.0**	**69.2**
Income tax expense		(30.7)	(20.2)
Profit after income tax		**74.3**	**49.0**
Attributable to:			
Ordinary equity holders		73.2	47.9
Non-controlling interest		1.1	1.1
Profit after income tax		**74.3**	**49.0**

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2023

	NOTES	31 DEC 2023 $'M	31 DEC 2022 $'M
Profit after income tax		**74.3**	**49.0**
Other comprehensive income (to be reclassified to profit or loss in subsequent periods)			
Net fair value loss on derivative financial instruments (net of tax)		(0.9)	(1.2)
Net comprehensive loss recognised directly in equity		**(0.9)**	**(1.2)**
Total comprehensive income for the period		**73.4**	**47.8**
Attributable to:			
Ordinary equity holders		72.3	46.7
Non-controlling interest		1.1	1.1
Total comprehensive income for the period		**73.4**	**47.8**
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	8	3.3	2.2
Diluted earnings per share (cents)	8	3.3	2.2

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2023

	NOTES	31 DEC 2023 $'M	30 JUNE 2023 $'M
Assets			
Current assets			
Cash and cash equivalents		60.6	102.1
Trade and other receivables		589.1	551.7
Inventories		53.3	31.2
Other assets		26.4	29.7
Total current assets		**729.4**	**714.7**
Non-current assets			
Property, plant and equipment	4	1,724.1	1,577.9
Right-of-use assets		616.3	609.4
Intangible assets		3,085.2	3,072.5
Equity accounted investments	5	56.4	51.6
Net deferred tax assets		27.5	19.5
Other assets		32.4	27.7
Total non-current assets		**5,541.9**	**5,358.6**
Total assets		**6,271.3**	**6,073.3**
Liabilities			
Current liabilities			
Trade and other payables		496.4	495.3
Income tax payable		38.5	3.2
Lease liabilities		103.2	98.4
Employee entitlements		99.7	97.0
Provisions		151.9	144.7
Other liabilities		48.4	46.1
Total current liabilities		**938.1**	**884.7**
Non-current liabilities			
Borrowings	7	1,033.0	950.4
Lease liabilities		547.6	540.3
Derivative financial instruments		45.4	46.1
Employee entitlements		11.0	10.0
Provisions		556.4	564.3
Other liabilities		170.4	132.1
Total non-current liabilities		**2,363.8**	**2,243.2**
Total liabilities		**3,301.9**	**3,127.9**
Net assets		**2,969.4**	**2,945.4**
Equity			
Issued capital	9	3,104.4	3,101.8
Reserves		35.6	34.0
Retained earnings		(175.6)	(194.3)
Parent entity interest		**2,964.4**	**2,941.5**
Non-controlling interest		5.0	3.9
Total equity		**2,969.4**	**2,945.4**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2023

	PARENT ENTITY INTEREST				NON-	
	ORDINARY SHARES $'M	RESERVES $'M	RETAINED EARNINGS $'M	TOTAL $'M	CONTROLLING INTEREST $'M	TOTAL EQUITY $'M
At 1 July 2023	3,101.8	34.0	(194.3)	**2,941.5**	3.9	**2,945.4**
Profit for period	–	–	73.2	**73.2**	1.1	**74.3**
Other comprehensive income	–	(0.9)	–	**(0.9)**	–	**(0.9)**
Total comprehensive income for the period	–	**(0.9)**	**73.2**	**72.3**	**1.1**	**73.4**
Share-based payment expense (net of tax)	–	2.5	–	**2.5**	–	**2.5**
Dividends reinvested/(paid)	2.6	–	(54.5)	**(51.9)**	–	**(51.9)**
Balance at 31 December 2023	**3,104.4**	**35.6**	**(175.6)**	**2,964.4**	**5.0**	**2,969.4**
At 1 July 2022	2,700.6	31.6	(106.9)	**2,625.3**	2.9	**2,628.2**
Profit for period	–	–	47.9	**47.9**	1.1	**49.0**
Other comprehensive income	–	(1.2)	–	**(1.2)**	–	**(1.2)**
Total comprehensive income for the period	–	**(1.2)**	**47.9**	**46.7**	**1.1**	**47.8**
Issue of shares (net of transaction costs)	394.8	–	–	**394.8**	–	**394.8**
Share-based payment expense (net of tax)	–	2.6	–	**2.6**	–	**2.6**
Dividends reinvested/(paid)	5.5	–	(54.5)	**(49.0)**	–	**(49.0)**
Balance at 31 December 2022	**3,100.9**	**33.0**	**(113.5)**	**3,020.4**	**4.0**	**3,024.4**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023

		31 DEC 2023 $'M	31 DEC 2022 $'M
Cash flows from operating activities			
Profit before income tax		105.0	69.2
Adjustments for:			
Depreciation and amortisation expense		182.6	183.9
Net finance costs	6	56.9	45.4
Share-based payment expense		2.2	2.3
Remediation and rectification provision remeasurement		0.7	(1.1)
Share of losses/(profit) from equity accounted investments		2.7	(0.6)
Net gain on disposal of property, plant and equipment		(0.3)	(0.6)
Other non-cash items		(0.3)	(0.7)
Net cash from operating activities before changes in assets and liabilities		**349.5**	**297.8**
Changes in assets and liabilities:			
Increase in receivables		(35.9)	(55.9)
Decrease in other assets		0.7	9.0
Increase in inventories		(11.2)	(5.3)
Increase in payables		0.6	28.6
Increase/(decrease) in employee entitlements		2.8	(4.8)
Increase in other liabilities		0.2	7.6
Decrease in provisions		(32.4)	(36.4)
Cash generated from operating activities		**274.3**	**240.6**
Net interest paid		(40.6)	(28.7)
Income taxes paid		(4.1)	(8.5)
Net cash from operating activities		**229.6**	**203.4**
Cash flows from investing activities			
Payments for property, plant and equipment		(194.5)	(168.0)
Payments for intangible assets		(12.2)	(7.7)
Payments for purchase of businesses (net of cash acquired)	12	(42.0)	(168.8)
Proceeds from disposal of property, plant and equipment		0.9	1.5
Investment in equity accounted investments		(8.0)	(0.9)
Loans to equity accounted investments		(1.9)	(1.6)
Loans repaid by equity accounted investments		0.3	0.7
Dividends received from equity accounted investments		0.5	0.3
Net cash used in investing activities		**(256.9)**	**(344.5)**
Cash flows from financing activities			
Proceeds from borrowings		184.0	–
Repayment of borrowings		(100.0)	(95.0)
Repayment of lease liabilities		(43.9)	(49.1)
Payment of debt and equity raising costs		(2.4)	(7.4)
Proceeds from issue of ordinary shares	9	–	400.0
Payment of dividends to ordinary equity holders		(51.9)	(49.0)
Net cash (used in)/from financing activities		**(14.2)**	**199.5**
Net (decrease)/increase in cash and cash equivalents		**(41.5)**	**58.4**
Cash and cash equivalents at the beginning of the period		102.1	66.5
Cash and cash equivalents at 31 December		**60.6**	**124.9**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

1. *Summary of significant accounting policies*

Statement of compliance

The Half-Year Consolidated Financial Report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report. It is also recommended that the half-year report be considered together with any public announcements made by the Group during the half-year ended 31 December 2023 in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

Basis of preparation

The Half-Year Consolidated Financial Report has been prepared on the basis of historical cost except derivative financial instruments, which are measured at fair value. For assets and liabilities recognised in business combinations, the cost is measured at fair value except for employee entitlements and taxation balances. Cost is otherwise based on the fair value of the consideration given in exchange for assets.

The Half-Year Consolidated Financial Report is presented in Australian dollars and all values are rounded to the nearest hundred thousand dollars, except when otherwise indicated. This presentation is consistent with the requirements of Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Financial Statements.

The accounting policies and methods of computation adopted in the preparation of the Half-Year Consolidated Financial Report are consistent with those adopted and disclosed in the Group's Annual Financial Report for the financial year ended 30 June 2023. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group's net assets increased from $2,945.4 million at 30 June 2023 to $2,969.4 million at 31 December 2023.

At 31 December 2023 the Group had a net current asset deficiency of $208.7 million (30 June 2023: $170.0 million). As set out in note 7 to the Financial Statements, the Group has unutilised committed debt facilities of $343.3 million at 31 December 2023 available to repay the Group's creditors as required and therefore the Directors are satisfied that the Group can meet its financial obligations as and when they fall due.

New and revised standards

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. New and revised standards, amendments thereof and Interpretations which became effective during the current half-year and are relevant to the Group include:

- *Disclosure of Accounting Policies – Amendments to AASB 101 and IFRS Practice Statement 2*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures with the aim of making the accounting policies more useful. The Group has assessed that it is in compliance with these amendments and their application had no impact on the Consolidated Financial Statements.

- *Definition of Accounting Estimates– Amendments to AASB 108*

  The amendments clarify the distinction between changes in accounting policy, changes in accounting estimates and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop estimates. Cleanaway has not changed its accounting policies in the current period. The Group changes measurement techniques if the change is assessed as providing a more accurate estimation. These amendments had no impact on the Consolidated Financial Statements.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to AASB 112*

  The amendments clarify the scope of the initial recognition exception under AASB 112 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Cleanaway assessed this change and as the Group already account for deferred tax in accordance with the requirements in the amendment, there is no impact to the Group on adoption of this amendment.

1. *Summary of significant accounting policies reporting* (continued)

Standards issued but not yet effective

New standards are effective for annual periods beginning after 1 July 2024 and have not been applied in preparing these Consolidated Financial Statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *Classification of Liabilities as Current or Non-current – Amendments to AASB 101 (to be initially applied in the financial year ending 30 June 2025)*

  In January 2020, the Board issued amendments to *AASB 101 Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement.
  - That a right to defer must exist at the end of the reporting period.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

  Cleanaway does not intend to early adopt this amendment. The impact of this amendment to the Group's Financial Statements is yet to be determined.

- *Lease Liability in a Sale and Leaseback – Amendments to AASB 16 (to be initially applied in the year ending 30 June 2025)*

  The AASB has issued amendments to AASB 16 *Leases* to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction. AASB 16 does not specify how a seller-lessee measures the lease liability in a sale and leaseback transaction and whether variable lease payments (regardless of whether they depend on an index or rate) should be considered in the measurement of the lease liability in these specific circumstances. The amendment does not prescribe specific measurement requirements for lease liabilities, instead it requires an entity to develop and apply an accounting policy that results in information that is relevant and reliable. Cleanaway does not intend to early adopt this amendment. The impact of the amendment to the Group's Financial Statements is yet to be determined.

2. Segment reporting

Operating segments are identified on the basis of how the Chief Operating Decision Maker reviews internal reports about components of the Group in order to assess the performance and allocation of resources to a particular segment. Information reported to the Group's Chief Executive Officer (Chief Operating Decision Maker) for the purpose of performance assessment and resource allocation is specifically focused on the following segments:

- **Solid Waste Services**

  Comprises the collection, recovery and disposal of all types of solid waste, including putrescible waste, inert waste, household waste and recovered waste. Waste streams are generally processed through our resource recovery and recycling facilities, transfer stations and landfills.

- **Industrial & Waste Services**

  Comprises a wide variety of services provided to the Resources, Oil & Gas, Industrial and Infrastructure markets. Services include high pressure cleaning, vacuum loading, pipeline maintenance, non-destructive digging, drain cleaning and CCTV.

- **Liquid Waste & Health Services**

  Liquid Waste comprises the collection, treatment, processing, refining and recycling and destruction of hazardous and non-hazardous liquids, hydrocarbons and chemical waste, specialised packaged and hazardous waste.

  Health Services comprises the provision of services to the health sector for the safe treatment and disposal of health-related waste which includes sharps management, medical waste, pharmaceutical waste, healthcare hazardous waste and quarantine waste.

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

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The Group has the following allocation policies:

- Sales between segments are on normal commercial terms; and
- Corporate charges are allocated where possible based on estimated usage of corporate resources.

Segment assets and liabilities have not been disclosed as these are not provided to the Chief Operating Decision Maker. This information is provided at a Group level only.

Unallocated balances include the Group's share of profits from equity accounted investments and corporate balances. Corporate balances relate to shared services functions that are not directly attributable to an identifiable segment. These functions include management, finance, legal, information technology, marketing, and human resources that provide support to the other segments identified above.

Net finance costs are not allocated to individual segments as the underlying instruments are managed on a Group basis. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

Inter-segment revenues are eliminated on consolidation.

2. Segment reporting *(continued)*

	OPERATING SEGMENTS					UNALLOCATED		
31 DECEMBER 2023	SOLID WASTE SERVICES $'M	INDUSTRIAL & WASTE SERVICES $'M	LIQUID WASTE & HEALTH SERVICES $'M	ELIMINATIONS $'M	TOTAL OPERATING SEGMENTS $'M	EQUITY ACCOUNTED INVESTMENTS $'M	CORPORATE $'M	GROUP $'M
Revenue								
Revenue from customers	1,329.3	203.5	311.6	–	**1,844.4**	–	–	**1,844.4**
Other revenue	16.5	–	10.7	–	**27.2**	–	–	**27.2**
Inter-segment sales	31.1	7.0	25.9	(64.0)	–	–	–	–
Total revenue	**1,376.9**	**210.5**	**348.2**	**(64.0)**	**1,871.6**	–	–	**1,871.6**
Underlying EBITDA [1]	**299.6**	**28.6**	**52.0**	–	**380.2**	**(2.7)**	**(21.0)**	**356.5**
Depreciation and amortisation	(140.6)	(13.0)	(23.1)	–	**(176.7)**	–	(5.9)	**(182.6)**
Underlying EBIT [1]	**159.0**	**15.6**	**28.9**	–	**203.5**	**(2.7)**	**(26.9)**	**173.9**
Integration costs [2]								(1.3)
IT transformation costs [3]								(10.7)
Profit from operations (EBIT)								**161.9**
Net finance costs								(56.9)
Profit before income tax								**105.0**
Income tax expense								(30.7)
Profit after income tax								**74.3**
Capital expenditure:								
Property, plant and equipment	149.7	17.8	25.0	–	**192.5**	–	2.0	**194.5**
Intangible assets	2.6	–	–	–	**2.6**	–	9.6	**12.2**

1 Underlying earnings are categorised as non-IFRS financial information. The exclusion of underlying adjustments provides a result which, in the Directors' view, more closely reflects the ongoing operations of the Group.
2 Costs of $1.3 million associated with the integration of Global Renewables Holdings Pty Ltd were incurred during the period.
3 IT transformational project costs related to customisation and configuration of cloud-based software, which Cleanaway does not control and therefore the costs do not qualify for capitalisation as intangible assets.

2. *Segment reporting* (continued)

31 DECEMBER 2022	OPERATING SEGMENTS					UNALLOCATED		
	SOLID WASTE SERVICES $'M	INDUSTRIAL & WASTE SERVICES $'M	LIQUID WASTE & HEALTH SERVICES $'M	ELIMINATIONS $'M	TOTAL OPERATING SEGMENTS $'M	EQUITY ACCOUNTED INVESTMENTS $'M	CORPORATE $'M	GROUP $'M
Revenue								
Revenue from customers	1,308.8	177.4	272.1	–	**1,758.3**	–	–	**1,758.3**
Other revenue	9.5	–	10.1	–	**19.6**	–	–	**19.6**
Inter-segment sales	26.5	5.2	23.9	(55.6)	–	–	–	–
Total revenue	**1,344.8**	**182.6**	**306.1**	**(55.6)**	**1,777.9**	–	–	**1,777.9**
Underlying EBITDA [1]	**267.9**	**25.4**	**48.3**	–	**341.6**	**0.6**	**(20.0)**	**322.2**
Depreciation and amortisation	(143.4)	(13.0)	(21.7)	–	**(178.1)**	–	(5.8)	**(183.9)**
Underlying EBIT [1]	**124.5**	**12.4**	**26.6**	–	**163.5**	**0.6**	**(25.8)**	**138.3**
Acquisition and integration costs [2]								(5.5)
Flood impacts [3]								0.2
Medical waste facility incidents [4]								(18.4)
Profit from operations (EBIT)								**114.6**
Net finance costs								(45.4)
Profit before income tax								**69.2**
Income tax expense								(20.2)
Profit after income tax								**49.0**
Capital expenditure:								
Property, plant and equipment	131.7	9.4	21.1	–	**162.2**	–	5.8	**168.0**
Intangible assets	0.1	–	–	–	**0.1**	–	7.6	**7.7**

1 Underlying earnings are categorised as non-IFRS financial information. The exclusion of underlying adjustments provides a result which, in the Directors' view, more closely reflects the ongoing operations of the Group.

2 Acquisition and integration costs of $5.5 million include transaction costs and other costs associated with the acquisition of Global Renewable Holdings Pty Ltd of $3.4 million and the ongoing integration of the Sydney Resource Network of $2.1 million.

3 Several Cleanaway sites were impacted by the East Coast floods which occurred during late February and early March 2022. Insurance proceeds of $0.2 million have been recognised during the current period in relation to damaged fleet.

4 In June 2022, a fire caused significant damage to equipment at the medical waste processing facility in Dandenong, Victoria. The Victorian Health business has incurred additional net expenses of $18.4 million during the half-year ended 31 December 2022, largely related to alternative waste disposal costs.

3. *Revenue*

	31 DEC 2023 $'M	31 DEC 2022 $'M
Revenue from customers [1]	1,844.4	1,758.3
Other revenue [1]	27.2	19.6
Total Revenue	**1,871.6**	**1,777.9**

1 Refer to the segment reporting note for disaggregation of revenue.

4. Property, plant and equipment

	NON-LANDFILL LAND AND BUILDINGS $'M	LANDFILL ASSETS $'M	LEASEHOLD IMPROVEMENTS $'M	PLANT AND EQUIPMENT $'M	CAPITAL WORK IN PROGRESS $'M	TOTAL $'M
Opening balance at 1 July 2023	251.9	361.6	56.2	655.4	252.8	**1,577.9**
Additions	–	–	–	–	229.4	**229.4**
Acquisition of business [1]	–	–	–	7.9	–	**7.9**
Net movement in remediation assets [2]	–	13.0	1.3	–	–	**14.3**
Disposals	–	–	–	(0.6)	–	**(0.6)**
Transfers of assets	15.1	76.0	9.1	69.4	(168.9)	**0.7**
Depreciation	(3.3)	(30.9)	(3.5)	(67.8)	–	**(105.5)**
Closing balance at 31 December 2023	**263.7**	**419.7**	**63.1**	**664.3**	**313.3**	**1,724.1**

1 Refer note 12.
2 Net movement in remediation assets reflects adjustments to the remediation provision for open landfill sites and leasehold improvements.

5. Equity accounted investments

The Group holds an interest in the following equity accounted investments but does not have control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group does not have power over these entities either through management control or voting rights.

			DIRECT OWNERSHIP INTEREST		CARRYING VALUE OF INVESTMENT	
NAME OF ENTITY	COUNTRY	REPORTING DATE	31 DEC 2023 %	30 JUNE 2023 %	31 DEC 2023 $'M	30 JUNE 2023 $'M
Joint ventures:						
Cleanaway ResourceCo RRF Pty Ltd	Australia	30 June	45	45	13.1	14.4
Circular Plastics Australia Pty Ltd	Australia	30 June	50	50	12.7	7.7
Tomra Cleanaway Pty Ltd	Australia	30 June	50	50	5.9	6.2
Tomra Cleanaway (Victoria) Pty Ltd	Australia	30 June	50	–	1.9	–
Western Sydney Energy and Resource Recovery Centre Pty Ltd [1]	Australia	30 June	51	51	9.5	9.5
Wonthaggi Recyclers Pty Ltd	Australia	30 June	50	50	0.4	0.4
Daniels Sharpsmart New Zealand Limited	New Zealand	30 June	50	50	–	–
Associates:						
Circular Plastics (PET) Holdings Pty Ltd	Australia	30 June	33	33	12.9	13.4
					56.4	**51.6**

1 Decisions regarding relevant activities of the entity requires unanimous consent of owners, and as such, the Group has joint control.

(a) Share of profit/(losses) from equity accounted investments

	JOINT VENTURES		ASSOCIATES		TOTAL EQUITY ACCOUNTED INVESTMENTS	
	31 DEC 2023 $'M	31 DEC 2022 $'M	31 DEC 2023 $'M	31 DEC 2022 $'M	31 DEC 2023 $'M	31 DEC 2022 $'M
Revenue	142.9	118.7	12.6	15.8	**155.5**	**134.5**
Expenses	(145.7)	(117.8)	(18.6)	(14.7)	**(164.3)**	**(132.5)**
(Losses)/profit before income tax (100%)	**(2.8)**	**0.9**	**(6.0)**	**1.1**	**(8.8)**	**2.0**
Share of (losses)/profit before income tax	(1.3)	0.5	(2.0)	0.4	**(3.3)**	**0.9**
Income tax benefit/(expense)	–	(0.2)	0.6	(0.1)	**0.6**	**(0.3)**
Share of net (losses)/profit recognised	**(1.3)**	**0.3**	**(1.4)**	**0.3**	**(2.7)**	**0.6**

5. *Equity accounted investments (continued)*

(b) Transactions with equity accounted investments

The following table provides the total amount of transactions with equity accounted investments during the half-year ended 31 December 2023.

	SALES TO EQUITY ACCOUNTED INVESTMENTS [1]		PURCHASES FROM EQUITY ACCOUNTED INVESTMENTS		INTEREST REVENUE FROM EQUITY ACCOUNTED INVESTMENTS	
	31 DEC 2023 $'M	31 DEC 2022 $'M	31 DEC 2023 $'M	31 DEC 2022 $'M	31 DEC 2023 $'M	31 DEC 2022 $'M
Joint ventures	54.2	42.5	0.4	0.4	0.7	0.6
Associates	3.9	3.8	–	–	0.2	0.1
	58.1	**46.3**	**0.4**	**0.4**	**0.9**	**0.7**

1 Sales to joint ventures comprise $50.9 million to Tomra Cleanaway Pty Ltd (31 December 2022: $41.5 million), $2.6 million to Tomra Cleanaway (Victoria) Pty Ltd (31 December 2022: nil), $0.6 million to Wonthaggi Recyclers Pty Ltd (31 December 2022: $0.5 million), $0.1 million to Circular Plastics Australia Pty Ltd (31 December 2022: $0.2 million) and nil to Cleanaway ResourceCo RRF Pty Ltd (31 December 2022: $0.3 million).

	TRADE AMOUNTS OWED BY EQUITY ACCOUNTED INVESTMENTS		TRADE AMOUNTS OWED TO EQUITY ACCOUNTED INVESTMENTS		LOANS TO EQUITY ACCOUNTED INVESTMENTS [1]	
	31 DEC 2023 $'M	30 JUNE 2023 $'M	31 DEC 2023 $'M	30 JUNE 2023 $'M	31 DEC 2023 $'M	30 JUNE 2023 $'M
Joint ventures	2.3	0.4	–	–	17.0	15.4
Associates	1.9	0.1	–	0.3	4.5	3.7
	4.2	**0.5**	–	**0.3**	**21.5**	**19.1**

1 Loans to equity accounted investments comprise unsecured loans to: Tomra Cleanaway (Victoria) Pty Ltd of $1.2 million (30 June 2023: $nil) repayable on 31 October 2028; Cleanaway ResourceCo RRF Pty Ltd of $15.8 million (30 June 2023: $15.1 million) repayable on 30 June 2027; Circular Plastics Australia (PET) Pty Ltd of $4.5 million (30 June 2023: $3.7 million) repayable on 2 March 2026; Daniels Sharpsmart New Zealand Limited of nil (30 June 2023: $0.3 million) repayable on 22 December 2025.

6. *Net finance costs*

	31 DEC 2023 $'M	31 DEC 2022 $'M
Finance costs		
Interest on borrowings	(30.2)	(20.9)
Interest on leases	(13.0)	(11.6)
Amortisation of capitalised transaction costs	(0.7)	(0.7)
Unwind of discount on provisions and other liabilities	(13.3)	(12.2)
Amortisation of gain on modification of fixed rate borrowings	(1.0)	(1.0)
Fair value (loss)/gain on USPP Notes	(2.1)	10.4
Net fair value gain/(loss) on derivative financial instruments	1.8	(10.8)
	(58.5)	**(46.8)**
Finance income		
Interest income	1.6	1.4
	1.6	**1.4**
Net finance costs	**(56.9)**	**(45.4)**

7. *Borrowings*

	UNSECURED			
	BANK LOANS $'M	US PRIVATE PLACEMENT NOTES $'M	CLEAN ENERGY FINANCE CORPORATION $'M	TOTAL BORROWINGS $'M
Opening balance at 1 July 2023	516.6	348.3	85.5	**950.4**
Net proceeds of borrowings	84.0	–	–	**84.0**
Borrowing costs paid	(2.4)	–	–	**(2.4)**
Cash flows	**81.6**	–	–	**81.6**
Non-cash drawdowns	(4.1)	–	–	**(4.1)**
Fair value changes	–	2.1	–	**2.1**
Borrowing costs reversed	1.2	0.1	–	**1.3**
Amortisation of modification gain	–	–	1.0	**1.0**
Amortisation of borrowing costs	0.6	0.1	–	**0.7**
Closing balance at 31 December 2023	**595.9**	**350.6**	**86.5**	**1,033.0**

The headroom available in the Group's facilities at 31 December 2023 is summarised below:

		AVAILABLE $'M	UTILISED $'M	NOT UTILISED $'M
Syndicated Facility Agreement	Facility A [1,2,3]	180.0	(131.1)	48.9
	Facility B [3]	200.0	(185.0)	15.0
	Facility C [3]	265.0	–	265.0
	Facility E [3]	400.0	(400.0)	–
US Private Placement (USPP) Notes		350.6	(350.6)	–
CEFC Term Loan [4]		90.0	(90.0)	–
Bank guarantee facilities [1]		95.0	(80.6)	14.4
		1,580.6	**(1,237.3)**	**343.3**

1 These facilities include $181.2 million (30 June 2023: $179.8 million) in guarantees and letters of credit, which only give rise to a liability where the Group fails to perform its contractual obligations. Included in the not utilised Facility A is $8.5 million (30 June 2023: $9.3 million) which can only be used for bank guarantees.

2 This facility includes $5.5 million (30 June 2023: $4.5 million) of corporate credit card limit utilisation and $15.0 million (30 June 2023: $15.0 million) of overdraft utilisation.

3 Amounts utilised exclude capitalised transaction costs of $2.6 million (30 June 2023: $2.0 million) and $3.5 million (30 June 2023: $6.1 million) of bank loans advanced under uncommitted facilities.

4 Amount utilised excludes capitalised transaction costs of $0.1 million (30 June 2023: $0.1 million) and unamortised gain on fixed rate debt of $3.4 million (30 June 2023: $4.4 million).

8. *Earnings per share*

	31 DEC 2023	31 DEC 2022
Basic earnings per share (cents)	3.3	2.2
Diluted earnings per share (cents)	3.3	2.2

	31 DEC 2023 $'M	31 DEC 2022 $'M
Profit after income tax	74.3	49.0
Net profit attributable to non-controlling interests	(1.1)	(1.1)
Profit after income tax attributable to ordinary equity holders	**73.2**	**47.9**

A reconciliation of weighted average number of ordinary shares is provided in the table below:

	31 DEC 2023	31 DEC 2022
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	2,227,501,330	2,174,747,314
Effect of potential ordinary shares	7,344,346	7,191,811
Number for diluted earnings per share	**2,234,845,676**	**2,181,939,125**

9. *Issued capital*

	31 DEC 2023	
	NUMBER OF SHARES	$'M
Opening balance	2,226,243,110	3,101.8
Issue of shares under dividend reinvestment plan	1,056,291	2.6
Issue of shares under employee incentive plans	1,135,082	–
Closing balance	**2,228,434,483**	**3,104.4**

10. *Dividends*

	31 DEC 2023		31 DEC 2022	
	CENTS PER SHARE	$'M	CENTS PER SHARE	$'M
Dividends paid during the period				
Final dividend relating to prior period	2.45	54.5	2.45	54.5
Dividends determined in respect of the period				
Interim dividend relating to current period	2.45	54.6	2.45	54.5

11. Share-based payments

Total share-based payment expense of $2.2 million (31 December 2022: $2.3 million) is included in the Consolidated Income Statement. Performance rights outstanding at the reporting date consist of the following grants:

OFFER	GRANT DATE	END OF PERFORMANCE OR SERVICE PERIOD	PERFORMANCE RIGHTS AT 30 JUNE 2023	GRANTED DURING THE PERIOD	VESTED DURING THE PERIOD	FORFEITED/ EXPIRED DURING THE PERIOD	PERFORMANCE RIGHTS AT 31 DEC 2023
LONG-TERM INCENTIVE PLAN							
2021 LTI	16 Dec 2020	30 Jun 2023	1,534,801	–	(653,162)	(881,639)	–
2022 LTI	25 Oct 2021	30 Jun 2024	2,317,331	–	–	–	**2,317,331**
2023 LTI	Various [1]	30 Jun 2025	2,608,324	–	–	(33,580)	**2,574,744**
2024 LTI	Various [2]	30 Jun 2026	–	3,128,892	–	–	**3,128,892**
SHORT-TERM INCENTIVE PLAN							
2022 STI	Various [3]	30 Jun 2023	221,613	–	(221,613)	–	–
2023 STI	Various [4]	30 Jun 2024	–	222,811	–	–	**222,811**
OTHER GRANTS							
CEO sign on	22 Oct 2021	Various [5]	380,228	–	(190,114)	–	**190,114**
EGM SWS sign on	18 Feb 2022	21 Aug 2023	129,239	–	(129,239)	–	–
EGM LW&H and I&WS sign on	01 Mar-2023	Various [6]	173,745	–	(77,220)	–	**96,525**
Executive sign on	29 Aug 2022	Various [7]	145,048	–	(34,255)	–	**110,793**
Executive sign on	10 Oct 2022	Various [8]	75,063	–	(19,593)	–	**55,470**
Executive sign on	3 October 2023	Various [9]	–	84,751	–	–	**84,751**
Total			**7,585,392**	**3,436,454**	**(1,325,196)**	**(915,219)**	**8,781,431**
Vested and exercisable at 31 Dec 2023							–

1 On 16 September 2022, 1,841,190 LTI 2023 rights were granted. On 10 October 2022, 32,419 LTI 2023 rights were granted. On 2 November 2022, 19,937 LTI 2023 rights were granted. Mr M Schubert's 727,700 LTI 2023 rights were granted on 21 October 2022 following approval at the Annual General Meeting (AGM). On 22 November 2022, 78,247 LTI 2023 rights were granted. On 16 December 2022, 31,672 LTI 2023 rights were granted. On 16 January 2023, 25,621 LTI 2023 rights were granted. On 1 March 2023, 170,188 LTI 2023 rights were granted. Of the 2,926,974 LTI 2023 rights granted, 318,650 were forfeited during the period ended 30 June 2023.

2 Mr M Schubert's 757,680 LTI 2024 rights were granted on 20 October 2023 following approval at the Annual General Meeting (AGM). On 3 November 2023, 2,371,212 rights were granted.

3 Grant Date for all Executive STI 2022 rights was 15 September 2022, except for 75,970 rights which were granted to Mr M Schubert following approval at the AGM on 21 October 2022.

4 Grant Date for all Executive STI 2023 rights was 15 September 2023, except for 67,713 rights which were granted to Mr M Schubert following approval at the AGM on 20 October 2023.

5 Of the 380,228 sign on rights issued, 190,114 vested on 30 August 2023 and 190,114 vest on 30 August 2024.

6 Of the 173,745 sign on rights issued, 77,220 vested on 31 August 2023 and 96,525 vest on 31 August 2024.

7 Of the 145,048 sign on rights issued, 34,255 vested on 31 August 2023, 65,574 vest on 31 August 2024 and 45,219 vest on 31 August 2025.

8 Of the 75,063 sign on rights issued, 19,593 vested on 31 August 2023 and 55,470 vest on 31 August 2024.

9 Of the 84,751 sign on rights issued, 31,782 vest on 31 August 2024, 31,782 vest on 31 August 2025 and 21,187 vest on 31 August 2026.

The vesting date for LTI offers is on or after 14 days after the date on which the annual financial results of the Group for the financial year, associated with the end of the performance period, is released to the ASX. Other offers vest on or after the end of the relevant performance or service period.

Awards granted in the current period are set out below:

(a) 2024 Long Term Incentive award

During the period, the Group issued performance rights attached to the Group's LTI plan to the CEO and other senior executives. The performance rights are subject to four performance hurdles:

- 40% of performance rights vest if a certain relative TSR ranking is achieved against constituents of the S&P/ASX 150 (excluding those classified as mining, financial services, oil and gas and overseas domiciled) that remain listed for the duration of the performance period.
- 20% of performance rights vest if a certain underlying EPS compound annual growth rate (CAGR) target is achieved.
- 20% of performance rights vest if a certain CH_4 (methane) emissions reduction is achieved.
- 20% of the performance rights vest if a certain return on invested capital (ROIC) is achieved for FY2026.

11. Share-based payments *(continued)*

(a) 2024 Long Term Incentive award (continued)

The following sets out the assumptions made in determining the fair value of these performance rights:

	2024 LTI TSR TRANCHE	2024 LTI EPS CAGR TRANCHE	2023 LTI CARBON TRANCHE	2023 LTI ROIC TRANCHE
VALUATION APPROACH	Monte Carlo Simulation	Black Scholes Model	Black Scholes Model	Black Scholes Model
Performance period	1 July 2023 - 30 June 2026	1 July 2023 - 30 June 2026	1 July 2023 - 30 June 2026	1 July 2023 - 30 June 2026
Volatility [1] (%)	25.0%	25.0%	25.0%	25.0%
GRANT DATE 20 OCTOBER 2023				
Number of rights	303,072	151,536	151,536	151,536
Risk-free interest rate (%)	4.22%	4.22%	4.22%	4.22%
Fair value per right [2]	$1.19	$2.22	$2.22	$2.22
GRANT DATE 3 NOVEMBER 2023				
Number of rights	948,492	474,240	474,240	474,240
Risk-free interest rate (%)	4.28%	4.28%	4.28%	4.28%
Fair value per right [2]	$1.21	$2.26	$2.26	$2.26

1 Expected volatility is based on the historic volatility of Cleanaway shares over a range of periods.

2 The fair value is reduced to reflect there is no dividend entitlement during the performance period.

The performance targets of the 2024 LTI award are set out in the table below.

Relative TSR performance measured over three years from 1 July 2023 to 30 June 2026	Relative Total Shareholder Return (TSR) Ranking against the constituents of the S&P/ASX150: • Below 50th percentile: 0% vesting • At 50th percentile: 50% vesting • 50th to 75th percentile: straight line vesting between 50% and 100% • Above 75th percentile: 100% vesting
EPS CAGR performance as measured over three years from 1 July 2023 to 30 June 2026	Earnings per Share Compound Annual Growth Rate (EPS CAGR) to be achieved: • < 13.0%: 0% vesting • At 13%: 35%vesting • 13.0% – ≤16%: straight line vesting between 35% and 50% • > 16.0% – ≤ 19.0%: straight line vesting between 50% and 70% • > 19.0% – ≤ 22.0%: straight line vesting between 70% and 100% • > 22.0: 100% vesting
FY26 CH_4 (Methane) emissions (% of FY2023)	FY26 CH_4 (methane) emissions (% of FY22): • Greater than 94% of FY22: 0% vesting • At 94.0% of FY22 : 30% vesting • < 94.0% – ≥83.0% of FY22: straight line vesting between 30% and 50% • < 83.0% – ≥66.0% of FY22: straight line vesting between 50% and 100% • < 66.0% of FY22: 100% vesting
FY26 return on invested capital in FY2026	Return on invested capital to be achieved: • < 6.0%: 0% vesting • At 6.0%: 35%vesting • > 6.0% – ≤6.3%: straight line vesting between 35% and 50% • > 6.3% – ≤ 6.7%: straight line vesting between 50% and 70% • > 6.7% – ≤ 7.1%: straight line vesting between 70% and 100% • > 7.1%: 100% vesting

11. Share-based payments (continued)

(b) Short-term Incentive (STI) plan

The Cleanaway STI plan is an annual plan that is used to motivate and reward senior executives across a range of performance measures over the financial year. Under the plan, participants are granted a combination of cash and rights to deferred shares if certain performance standards are met. The Group uses EBIT targets as the main performance standard for the STI plan. Vesting of the performance rights granted is deferred for one year. The fair value of the 2024 STI deferred rights was $2.45 for 155,098 rights granted on 15 September 2023 and $2.35 for 67,713 rights granted on 20 October 2023.

(c) Other grants

Executives were awarded sign-on rights as they forfeited incentives upon resignation from their previous employer. The following table sets out the assumptions in determining the fair value of these performance rights:

SCHEME	TRANCHE 1	TRANCHE 2	TRANCHE 3
Number of rights	31,782	31,782	21,187
Grant date	3 Oct 2023	3 Oct 2023	3 Oct 2023
Performance period	3 Oct 2023–31 Aug 2024	3 Oct 2023–31 Aug 2025	3 Oct 2023–31 Aug 2026
Risk-free interest rate	4.26%	4.16%	4.10%
Volatility [1] (%)	25.0%	25.0%	25.0%
Fair value per right [2]	$2.34	$2.29	$2.25

1 Expected volatility is based on the historic volatility of Cleanaway shares over a range of periods.
2 The fair value reflects the closing share price on the grant date and is reduced to reflect there is no dividend entitlement during the performance period.

12. Business combinations

Half-year ended 31 December 2023

Australian Eco Oils

On 21 August 2023 the Group acquired the business and assets of Australian Eco Oils Pty Ltd (AEO). Trading under the Scanline brand, AEO collects and processes used cooking oils (UCO) to improve the quality and then sells the product into the stockfeed and renewable fuel sectors. The AEO acquisition provides an attractive entry point into a new, adjacent market for Cleanaway at a time when high quality, UCO is becoming an increasingly important source of feedstock in the production of renewable fuels, including sustainable aviation fuels and renewable diesel.

Details of the business combination are provided below:

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS	OPERATING SEGMENT
Australian Eco Oils	21 August 2023	Licensed processing facilities based in New South Wales, Queensland, and Victoria	Liquids Waste & Health Services

The provisional fair values of the identifiable assets and liabilities of the business combination at the date of acquisition were:

	31 DEC 2023 $'M
Assets	
Trade and other receivables	1.6
Inventories	0.3
Property, plant and equipment	7.9
Right-of-use assets	4.6
Intangibles	6.5
Other assets	0.5
	21.4
Liabilities	
Trade and other payables	0.3
Lease liability	4.6
Employee entitlements	0.8
Provisions	4.8
Deferred tax liabilities	2.0
	12.5
Total identifiable net assets at fair value	**8.9**
Goodwill arising on acquisition	30.2
Purchase consideration	**39.1**

Goodwill acquired comprises the value of expected synergies arising from integration of the acquired business and is non-deductible for income tax purposes.

	31 DEC 2023 $'M
Cash paid (included in cash flows from investing activities)	39.1
Transaction costs of the acquisition (included in cash flows from operating activities)	1.0
Net cash flow on acquisition	**40.1**

From the date of acquisition to 31 December 2023, the business contributed $6.6 million of revenue and $1.7 million of profit before tax to the Group. If the business had been acquired at the beginning of the reporting period, revenue of $9.1 million and profit before tax of $2.3 million would have been contributed to the Group.

13. Financial assets and liabilities at fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified within the fair value hierarchy on the basis of nature, characteristics and risks and described as follows based on the lower level of input that is significant to the fair value measurement as a whole.

Level 1 – the fair value is calculated using prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

There were no transfers between levels during the half-year.

The following table provides the fair value measurement of the Group's financial instruments which have been valued using market observable inputs (level 2), including interest and foreign currency rates and models using present value and future potential exposure calculations where applicable:

	FIXED RATE BORROWINGS MEASURED AT AMORTISED COST		DERIVATIVES MEASURED AT FAIR VALUE	
	CLEAN ENERGY FINANCE CORPORATION $'M	USPP NOTES (HEDGED ITEMS) $'M	CCIRS [1] (HEDGING INSTRUMENTS) $'M	IRS [2] (HEDGING INSTRUMENTS) $'M
Opening fair value of liabilities as at 1 July 2023	(83.7)	(351.2)	(46.1)	–
Amortisation of fair value loss on recognition	–	–	0.1	–
Movement relating to changes in AUD or USD interest rates:				
Fair value hedges	–	(11.4)	10.9	–
Cash flow hedges	–	–	–	(0.2)
Other	(2.1)	–	(0.5)	–
Movement relating to change in AUD/USD exchange rates:				
Cash flow hedges	–	9.3	(8.4)	–
Movement relating to change in AUD/USD currency basis	–	–	(1.2)	–
Closing fair value of liabilities as at 31 December 2023	**(85.8)**	**(353.3)**	**(45.2)**	**(0.2)**
Carrying amount of liabilities as at 31 December 2023	(86.5)	(350.6)	(45.2)	(0.2)
Accumulated fair value adjustments on the hedged items	n/a	44.3	n/a	n/a

1 Cross Currency Interest Rate Swaps (CCIRS) fair value movements of $10.9 million for fair value hedges includes an effective portion of $11.4 million and an ineffective portion of $(0.5) million. CCIRS fair value movements of $(8.4) million for cash flow hedges include an effective portion of $(9.3) million and an ineffective portion of $0.9 million. The notional amount of the derivatives is US$270.0/$397.6 million.

2 Interest Rate Swaps (IRS) fair value movements of $(0.2) million for cash flow hedges includes an effective portion of $(0.2) million and an ineffective portion of nil. The notional amount of the IRS is $100.0 million, swapping floating rate interest exposure on this notional amount to fixed rate interest.

14. Contingent assets and liabilities

On 18 August 2014, a Cleanaway vehicle was involved in a motor vehicle accident on the South Eastern Freeway in Glen Osmond, SA. The incident resulted in the death of two members of the public, and two other persons were seriously injured. During the year ended 30 June 2017, Cleanaway was charged with work health and safety offences in relation to the incident. Cleanaway was found guilty of these health and safety offences in April 2021 but this decision was appealed to the South Australian Supreme Court and was partly successful, with six of the eight charges being set aside. A further appeal to the full bench of the South Australian Supreme Court with respect to the two outstanding charges has been made by Cleanaway. The appeal was heard in November 2022 and Cleanaway are still awaiting the appeal judgement. There is a potential that other claims may emerge in due course and the extent of Cleanaway's liability and the timing for these matters to be resolved is not known at this time.

On 11 September 2020, the Victorian Environment Protection Authority (EPA) issued an invoice to the Group in the amount of $6.9 million for an alleged underpayment of the landfill levy payable for financial year 2017–2018. The alleged underpayment related to materials purchased from the adjacent Boral quarry. The Boral material was used by Cleanaway at its Melbourne Regional Landfill as daily cover during financial year 2017–2018. The EPA's position is that the landfill levy is payable in respect of the Boral material as it was 'waste' within the meaning of the Environment Protection Act 1970. Cleanaway does not agree that this material was 'waste' as the material was purchased from Boral and used in its landfilling operations. On 16 August 2021, the EPA commenced proceedings in the Magistrates' Court of Victoria seeking recovery of the $6.9 million plus interest and costs (Proceedings). In August 2023, the proceedings were moved to the Supreme Court. On 2 February 2022, the EPA issued an invoice to the Group for $4.7 million in relation to an alleged underpayment of the landfill levy for financial year 2018–2019. The alleged underpayment also relates to material Cleanaway purchased from Boral for use as cover material. Cleanaway's position is that the material is not waste and as such, does not attract the landfill levy.

Consistent with disclosure within the most recent Annual Report of the Group, ongoing assessments continue of any potential remediation obligations related to environmental contamination that pre-dated the Group's acquisition of sites acquired in December 2021 from Suez Group (S.A.S) and Suez International (S.A.S), which formed part of the Sydney Resource Network assets. The Group maintains that there remains no present remediation obligations on Cleanaway in relation to such contamination and any such future obligation is remote.

Certain companies within the Group are party to various legal actions or commercial disputes or negotiations that have arisen in the normal course of business. It is expected that any liabilities or assets arising from these legal actions would not have a material effect on the Group.

15. Events occurring after the reporting date

There have been no matters or circumstances that have arisen since the end of the half-year that have significantly affected the Group's operations not otherwise disclosed in this report.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes for the half-year ended 31 December 2023 are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

  (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

P G Etienne
Chairman and Non-Executive Director

M J Schubert
Chief Executive Officer and Managing Director

Melbourne, 15 February 2024

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Building a better working world

Independent auditor's review report to the members of Cleanaway Waste Management Limited

Conclusion

We have reviewed the accompanying half-year financial report of Cleanaway Waste Management Limited (the Company) and its subsidiaries (collectively the Group), which comprises the Consolidated Balance Sheet as at 31 December 2023, the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ashley Butler
Partner

Melbourne
15 February 2024