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EQUITY RAISING TO FUND BLUEPRINT 2030 GROWTH INITIATIVES AND ACQUISITION OF LICENSED COMPOSTING BUSINESS GLOBAL RENEWABLES

Cleanaway Waste Management Limited (“**Cleanaway**”) ASX:CWY is today launching a \$350 million fully underwritten institutional placement (“**Placement**”) and a \$50 million non-underwritten share purchase plan (“**SPP**”) (together, the “**Equity Raising**”).

The Equity Raising proceeds will provide significant balance sheet capacity to fund Cleanaway’s BluePrint 2030 strategy. This includes medium-term opportunities to deliver the blueprints under the Strategic Infrastructure Growth and Sustainable Customer Solutions pillars¹, starting with the acquisition of a 100% interest in Global Renewables Holdings Pty Ltd (“**GRL**”) for \$168.5 million.

Key highlights

- Cleanaway has today entered into a binding agreement to acquire a 100% interest in GRL for \$168.5 million – represents an attractive multiple of 7.9x EV / FY22A pro forma EBITDA
- GRL is a licensed composting facility that processes ~20% of Sydney’s ‘Red bin’ household waste at its strategically located Eastern Creek site and delivers ~30% landfill diversion and better carbon outcomes compared to landfill
- Cleanaway is the logical owner of GRL as we are the exclusive provider of waste to the facility and have deep existing relationships with surrounding Councils
- The GRL facility currently composts organics from ‘Red bin’ household waste and will gradually transition to source separated food organics and garden organics (“**FOGO**”) feedstock to meet Council customer needs
- Cleanaway is committed to enhancing the facility over time, including an expected \$40-45 million upgrade to enclose the compost maturation area
- The acquisition of GRL would be 5.2% EPS accretive on a pro forma FY22A basis based on the Placement proceeds used to fund the purchase price and transaction costs associated with the acquisition²

¹ Refer to ‘Cleanaway Blueprint 2030 Strategic Infrastructure Growth Pillar’ ASX release on 7 June 2022 for further detail.

² Assumes Placement of \$172.3m based on acquisition price of \$166.6m (reflecting \$168.5m less adjustments for debt-like items and normalisation of net working capital of ~\$1.9m), ~\$2.8m of transaction costs related to the acquisition of GRL and proportional illustrative Placement costs of \$2.9m.

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- Including the full impact of the Placement³, the acquisition is 3.7% EPS accretive on a pro forma FY22A basis, with incremental earnings upside expected to be realised as additional capital is deployed into growth projects targeting a double-digit IRR
- The acquisition of GRL, including the future facility upgrade, is also expected to deliver a double-digit IRR
- Cleanaway's pro forma FY22 net debt to underlying EBITDA ratio is expected to be 1.86x post acquisition and Placement³, providing appropriate capacity to fund additional growth opportunities

Acquisition overview

Cleanaway is pleased to announce that it has signed an unconditional agreement to acquire a 100% interest in GRL for \$168.5 million. The acquisition of GRL accelerates Cleanaway's BluePrint 2030 organics strategy by providing high circularity, low-carbon solutions for 'Red bin' mixed waste today and future FOGO bin waste. The acquisition is expected to complete this quarter.

Commenting on the acquisition and the acceleration of future growth opportunities under the BluePrint 2030 strategy, Cleanaway Chief Executive Officer and Managing Director, Mark Schubert said:

"The acquisition of GRL represents an important step in the acceleration of our BluePrint 2030 strategy. The site and facility provide a strategic location and infrastructure to enhance our broader network and customer offering today and into the future as we position ourselves for the growing FOGO market opportunity."

"As outlined in our Strategic Infrastructure Growth Pillar update, Cleanaway aims to be recognised by our customers as the most innovative and sustainable waste management company and today's acquisition is clearly aligned with this objective."

"We are also well advanced on a number of strategic infrastructure development initiatives and tender opportunities aligned to BluePrint 2030. The Equity Raising will provide significant balance sheet capacity to invest in these growth initiatives."

³ Excludes the impact of any proceeds of the SPP. Cleanaway retains the right to accept oversubscriptions or to scale back applications (in whole or in part) at its absolute discretion that may result in the SPP raising more or less than \$50m.

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About GRL

GRL is a New South Wales Environment Protection Agency licensed large-scale organics composting facility that processes 220kT p.a. or ~20% of Sydney's mixed household waste from its strategically located site in Western Sydney.

Cleanaway is the exclusive contracted provider of waste to the GRL facility until 2032, with waste supply underpinned by contracts with surrounding Councils, with whom we have existing long-term relationships.

The facility provides sustainable customer solutions today by delivering 30% landfill diversion and better carbon outcomes than Red bin waste sent directly to landfill. As the market transitions to FOGO solutions, the GRL facility is expected to deliver even greater diversion rates and carbon outcomes from FOGO feedstock.

Strategically compelling acquisition aligned with BluePrint 2030

- Accelerates Cleanaway's BluePrint 2030 organics strategy by providing high circularity, low-carbon solutions for 'Red bin' household waste today and FOGO bin organic waste as Council customers transition to this solution
- Opportunity to immediately internalise existing volumes and acquire an attractive pro forma FY22 EBITDA of ~\$21.4 million
- Acquisition of GRL eliminates an unfavourable contract provision for Cleanaway in relation to GRL under which payments to GRL exceeded receipts from Councils (the contract was acquired as part of the acquisition of the Sydney Resource Network from Suez for which a purchase price reduction was obtained)
- GRL provides an established and licensed composting platform and a highly capable and experienced management team
- Site location and licences to process mixed waste and FOGO are of significant importance to the Sydney region and would be difficult to replicate on a greenfield basis
- Allows Cleanaway to leverage its geographically diverse Sydney network to capture organics share, with GRL and a further planned Lucas Heights facility providing Sydney-wide processing capability

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Equity Raising

Fully underwritten institutional placement

Cleanaway is undertaking a fully underwritten placement of new fully paid ordinary shares in Cleanaway (“**New Shares**”) to eligible institutional investors to raise \$350 million. The offer price per New Share is \$2.50 (“**Placement Price**”), which represents a:

- 7.7% discount to Cleanaway’s last close price of \$2.71 per share on 18 August 2022; and
- 8.1% discount to Cleanaway’s 5-day volume-weighted average price (“**VWAP**”) per share of \$2.72 on 18 August 2022.

The Placement will result in approximately 140.0 million New Shares being issued, representing approximately 6.8% of Cleanaway’s existing issued capital.

New Shares issued under the Placement will rank equally with existing Cleanaway shares from the date of issue and will be entitled to the final dividend for the full year ended 30 June 2022.

Share purchase plan

Eligible Cleanaway shareholders, being shareholders who had a registered address in Australia or New Zealand on Cleanaway’s register at 7.00pm (AEST) on 18 August 2022, will be invited to subscribe for up to \$30,000 of New Shares under the SPP at the lower of the Placement Price and the 5-day VWAP of Cleanaway’s shares up to, and including, the closing date of the SPP, and free of any brokerage or transaction costs.

It is intended that the SPP raise up to \$50 million and it is not underwritten. Cleanaway retains the right to accept oversubscriptions or to scale back applications at its absolute discretion. New Shares issued under the SPP will rank equally with existing Cleanaway shares from the date of issue and will be entitled to the final dividend for the full year ended 30 June 2022.

Further details of the SPP will be set out in the SPP Offer Booklet, which will be released to ASX and made available to eligible shareholders in Australia and New Zealand on or around 22 August 2022.

Timetable

Milestone	Date
Record date for SPP	7:00pm (AEST), 18 August 2022
Trading halt and announcement of Acquisition, Placement and SPP	19 August 2022
Placement bookbuild	19 August 2022
Trading halt lifted – trading resumes on ASX	22 August 2022
SPP offer opens	22 August 2022
Settlement of New Shares issued under the Placement	24 August 2022
Issue and commencement of trading of New Shares issued under the Placement	25 August 2022
SPP offer closing date	12 September 2022
SPP allotment date and normal trading of New Shares issued under the SPP	19 September 2022

The above timetable is indicative only and subject to change. The commencement of trading and quotation of New Shares issued under the Placement and SPP is subject to confirmation from the ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules, Cleanaway reserves the right to amend this timetable at any time, including extending the period for the SPP or accepting late applications, either generally or in particular cases, without notice.

Further information

Further details of the acquisition of GRL and the Equity Raising are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Equity Raising, which should be read together with this announcement.

Investor briefing

Cleanaway will conduct an investor and analyst briefing at 10.00am (AEST) today. The briefing will cover Cleanaway's FY22 full year financial results (also released to the ASX today), followed by the acquisition of GRL and the Equity Raising.

Presenters: Mr Mark Schubert – Managing Director & Chief Executive Officer
Mr Paul Binfield – Chief Financial Officer
Mr Frank Lintvelt – EGM Strategy and M&A

ASX & Media Release

19 August 2022



Advisers

Barrenjoey Markets Pty Limited is acting as the financial adviser to Cleanaway on the Equity Raising. Gilbert + Tobin is acting as legal adviser to Cleanaway in relation to the acquisition of GRL and Equity Raising. This announcement has been authorised for release by the Board of Cleanaway.

ENDS

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Important notices

This announcement should be read subject to the disclaimer in the investor presentation released by Cleanaway to the ASX today (as if references in that disclaimer to “this presentation” were to “this announcement”). This announcement is not a financial product or investment advice, a recommendation to acquire New Shares or financial, accounting, legal or tax advice. The information in this announcement does not contain all the information necessary to fully evaluate an investment in Cleanaway. It should be read in conjunction with the other materials lodged with ASX in relation to the acquisition of GRL and Equity Raising (including the investor presentation and the key risks set out therein), and Cleanaway’s other periodic and continuous disclosure announcements. This announcement has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the information in this announcement and in the investor presentation in relation to the acquisition of GRL and Equity Raising having regard to their own objectives, financial and tax situation and needs, and should seek legal, tax and other professional advice. Cleanaway is not licensed to provide financial product advice in respect of an investment in shares.

This announcement contains certain forward-looking statements. The words “expect”, “anticipate”, “estimate”, “intend”, “believe”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Cleanaway, its directors and management. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Cleanaway’s business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are strongly cautioned not to place undue reliance on forward-looking statements, particularly given the current economic climate and the significant volatility, uncertainty and disruption caused by the ongoing impact of COVID-19 as well as the military conflict in Ukraine. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Cleanaway as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Cleanaway, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

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Cleanaway Waste Management Limited is Australia’s leading total waste management, industrial and environmental services company. Our team of more than 6,600 highly trained staff are supported by a fleet of over 5,000 specialist vehicles working from approximately 250 locations across Australia. With the largest waste, recycling and liquids collections fleets on the road - and supported by a network of recycling facilities, transfer stations, engineered landfills, liquids treatment plants and refineries - we are working hard to deliver on our mission of making a sustainable future possible for all our stakeholders.