

Appendix 4D

Results for announcement to the market for the half-year ended 31 December 2020.

ASX Listing Rule 4.2A.3.

Reporting period

Reporting period: 31 December 2020

Previous corresponding period: 31 December 2019

The Half-Year Consolidated Financial Report should be read in conjunction with the 2020 Annual Report.

Results for announcement to the market

	31 DEC 2020 S'M	31 DEC 2019 S'M	UP/DOWN	MOVEMENT
Revenue from ordinary activities	1,170.3	1,197.2	Down	2.2%
Profit after income tax	79.4	45.3	Up	75.3%
<i>Attributable to:</i>				
Ordinary equity holders of the parent	78.3	46.2	Up	69.5%
Non-controlling interest	1.1	(0.9)	n/a	n/a
Profit after income tax	79.4	45.3	Up	75.3%

Dividends

DIVIDEND INFORMATION	AMOUNT PER SHARE (CENTS)	TAX RATE FOR FRANKING CREDIT
Final 2020 fully franked dividend (paid 6 October 2020)	2.10	30%
Interim 2021 fully franked dividend (to be paid 7 April 2021)	2.25	30%
<i>Interim dividend dates:</i>		
Record date		3 March 2021
Payment date		7 April 2021

An interim dividend of 2.25 cents per share has been declared. The Dividend Reinvestment Plan (DRP), will be in operation for the interim dividend. The DRP election date is 4 March 2021. 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 5 March 2021 to 11 March 2021. No discount will be applied to shares issued under the DRP.

Net Tangible Assets (NTA) per security

	31 DEC 2020 CENTS	30 JUNE 2020 CENTS
NTA per security (including right-of-use assets)	13.5	12.9

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 2020.

Status of audit

The Consolidated Financial Report for the half-year ended 31 December 2020, which contains the independent auditor's review report, is attached.



D J F Last
Company Secretary

18 February 2021

Cleanaway Waste Management Limited

ABN 74 101 155 220

Consolidated Financial Report

For the half-year ended 31 December 2020

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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 2020 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 2020.

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.

M P Chellew	Executive Chairman
V Bansal	Chief Executive Officer and Managing Director
R M Smith	Non-Executive Director
E R Stein	Non-Executive Director (retired as Non-Executive Director on 31 December 2020)
T A Sinclair	Non-Executive Director
R M Harding	Non-Executive Director
P G Etienne	Non-Executive Director
S L Hogg	Non-Executive Director

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

Further to the announcement by the Company on 21 January 2021 regarding CEO succession planning, Mr Vik Bansal will step down from the role of CEO and as a Director of the Company after the half-year results investor roadshow.

On 4 February 2021 the Group announced the appointment of Ms Ingrid Player as an Independent Non-Executive Director of the Company. The appointment will be effective from 1 March 2021.

Review of results

The Group's statutory profit after income tax (attributable to ordinary equity holders) for the half-year ended 31 December 2020 was \$78.3 million (2019: \$46.2 million).

The Group's underlying profit after income tax (attributable to ordinary equity holders) for the half-year ended 31 December 2020 of \$77.9 million increased by 3.7% on the prior period (2019: \$75.1 million).

Operating cash flows increased 28.8% to \$202.4 million (2019: \$157.1 million).

The Group's net assets increased from \$2,571.0 million at 30 June 2020 to \$2,609.6 million at 31 December 2020.

At 31 December 2020 the Group had a net current asset deficiency of \$120.8 million (30 June 2020: net current asset deficiency of \$61.9 million). The increase in the net current asset deficiency from 30 June 2020 of \$58.9 million has arisen mainly from a reduction in cash and cash equivalents of \$48.0 million. As set out in note 6 to the Consolidated Financial Statements, the Group has unutilised committed debt facilities of \$471.9 million at 31 December 2020 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.

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.

Directors' Report

Operating review (continued)

Group results for the half-year ended 31 December 2020

	UNDERLYING ADJUSTMENTS					UNDERLYING ¹ \$'M
	STATUTORY ¹ \$'M	MRF FIRE ⁴ \$'M	ACQUISITION & INTEGRATION COSTS ⁵ \$'M	CHANGE IN REMEDATION PROVISION DISCOUNT RATE ⁶ \$'M	OTHER ⁷ \$'M	
Solid Waste Services						198.4
Industrial & Waste Services						23.8
Liquid Waste & Health Services						55.1
Equity accounted investments						(1.3)
Waste management						276.0
Corporate						(12.2)
EBITDA²	256.9	5.1	3.3	(1.5)	–	263.8
Depreciation and amortisation	(131.6)	–	–	–	–	(131.6)
EBIT³	125.3	5.1	3.3	(1.5)	–	132.2
Net finance costs	(13.9)	–	–	–	(7.6)	(21.5)
Profit before income tax	111.4	5.1	3.3	(1.5)	(7.6)	110.7
Income tax expense	(32.0)	(1.5)	(1.0)	0.5	2.3	(31.7)
Profit after income tax	79.4	3.6	2.3	(1.0)	(5.3)	79.0
Attributable to:						
Ordinary equity holders	78.3	3.6	2.3	(1.0)	(5.3)	77.9
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 and therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS 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 On 25 November 2019 a fire occurred at the Materials Recycling Facility (MRF) in Guildford, Western Australia. Business interruption costs of \$5.1 million have been incurred in the current period.

5 Acquisition and integration costs include transaction costs and other costs associated with the acquisition of businesses during the period of \$1.4 million and the ongoing integration costs related to these acquisitions of \$1.9 million.

6 Relates to the increase in discount rate on measurement of remediation liabilities related to closed landfill sites and industrial properties.

7 Net finance costs relate to the gain on modification of CEFC fixed rate borrowing of \$7.9 million, the fair value gain on USPP Notes of \$53.8 million offset by the fair value loss on cross currency interest rate swaps (CCIRS) of \$54.1 million.

Directors' Report

Operating review (continued)

Group results for the half-year ended 31 December 2019

	UNDERLYING ADJUSTMENTS				UNDERLYING ¹ \$'M
	STATUTORY ¹ \$'M	MRF FIRE ⁴ \$'M	ACQUISITION & INTEGRATION COSTS ⁵ \$'M	OTHER ⁶ \$'M	
Solid Waste Services					193.0
Industrial & Waste Services					23.1
Liquid Waste & Health Services					52.8
Equity accounted investments					(0.3)
Waste management					268.6
Corporate					(12.2)
EBITDA ²	236.4	(1.8)	21.8	–	256.4
Depreciation and amortisation	(129.2)	–	–	–	(129.2)
Write-off of plant and equipment	(19.8)	19.8	–	–	–
EBIT ³	87.4	18.0	21.8	–	127.2
Net finance costs	(24.2)	–	–	0.2	(24.0)
Profit before income tax	63.2	18.0	21.8	0.2	103.2
Income tax expense	(17.9)	(5.4)	(5.6)	(0.1)	(29.0)
Profit after income tax	45.3	12.6	16.2	0.1	74.2
Attributable to:					
Ordinary equity holders	46.2	12.6	16.2	0.1	75.1
Non-controlling interest	(0.9)	–	–	–	(0.9)

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 and therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS 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 On 25 November 2019 a fire occurred at the Materials Recycling Facility in Guildford, Western Australia. Insurance recovery income of \$6.7 million relating to a portion of claim has been recognised. This income is offset by business interruption and clean-up costs of \$4.9 million expensed to date. In addition, \$19.8 million of plant and equipment has been written off.

5 Acquisition and integration costs include transaction costs and other costs associated with the acquisition of businesses during the period of \$7.4 million and the ongoing integration costs related to the acquisition of Toxfree which occurred on 11 May 2018 of \$14.4 million.

6 Net finance costs relate to the fair value gain on USPP Notes of \$6.1 million offset by the fair value loss on cross currency interest rate swaps (CCIRS) of \$6.3 million.

Directors' Report

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 2020 \$'M	31 DEC 2019 \$'M
Underlying EBITDA ¹	198.4	193.0
Underlying EBIT ²	108.3	104.4

<i>Core business</i>	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.
<i>Financial metrics</i>	Total revenue for the Solid Waste Services segment decreased by 1.5% to \$813.3 million. Underlying EBITDA increased by 2.8% to \$198.4 million. Underlying EBIT increased by 3.7% to \$108.3 million.
<i>Performance</i>	<p>The segment benefited from the commencement of the City of Casey (Melbourne's largest municipality) and the South Australian Council Solutions contracts, partially offset by COVID-19 affected activity across Melbourne together with lower SME activity in Queensland and the central business district of Sydney.</p> <p>An initial contribution from the recently acquired Grasshopper (NSW C&D collections) and Statewide Recycling and Stawell landfill (regional Victorian collections and post collections) businesses, and the Victorian Commingled Resource Recovery business (the former SKM assets) also benefited the segment.</p> <p>The rebuild of the Perth Material Recycling Facility was well advanced at the end of the period with operations expected to recommence in the fourth quarter. This facility will deliver a high-quality recycling service in the Perth market.</p> <p>During the period Cleanaway won several national and large mid-market accounts. Cleanaway also secured a landfill height extension at Erskine Park in Sydney that will extend the life of that asset and successfully tendered for the Blacktown City Council recycling processing services, a contract that will underpin the development of a ~115kT Materials Recovery Facility.</p>

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

2 EBIT represents earnings before interest and income tax.

Directors' Report

Operating review (continued)

Industrial & Waste Services

	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Underlying EBITDA	23.8	23.1
Underlying EBIT	11.9	10.8

<i>Core business</i>	The Industrial & Waste Services segment provides a wide variety of services to the Infrastructure, Industrial and Resources markets. Services include drain cleaning, non-destructive digging, vacuum loading, high pressure cleaning, pipeline maintenance and CCTV.
<i>Financial metrics</i>	Total revenue decreased by 8.4% to \$151.7 million and underlying EBITDA increased by 3.0% from \$23.1 million to \$23.8 million. Underlying EBIT increased by 10.2% from \$10.8 million to \$11.9 million.
<i>Performance</i>	<p>The segment has performed well by securing new business and offsetting the headwinds of lower discretionary spending by many customers and in particular infrastructure related activity in the Brisbane market, services related to the aviation market, and the oil and gas segment more broadly.</p> <p>Cleanaway will look to target more opportunities in government, marine and ports and mining. Recent contract wins include Southern Ports and Australian Submarine Corp.</p>

Liquid Waste & Health Services

	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Underlying EBITDA	55.1	52.8
Underlying EBIT	34.2	32.5

<i>Core business</i>	<p>The Liquid Waste & Health Services segment comprises:</p> <ul style="list-style-type: none"> 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 and e-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.
<i>Financial metrics</i>	Total revenue decreased by 2.3% to \$252.6 million and underlying EBITDA increased by 4.4% from \$52.8 million to \$55.1 million. Underlying EBIT increased by 5.2% from \$32.5 million to \$34.2 million.
<i>Performance</i>	<p>Oil recycling COVID-19 relief payments provided an offset to lower benchmark oil prices in the Hydrocarbons business. Lower collection and waste volumes in COVID-19 impacted regions were offset by improved pricing, service improvements and efficiency initiatives.</p> <p>The Health business improved earnings through a significant increase in waste from hospitals and aged care facilities due to the second wave of COVID-19 in Victoria, driving both higher revenue and related treatment and disposal costs. This offset the downturn in quarantine work from cruise ships and airlines.</p> <p>The Liquids and Technical Services business saw lower volumes in states with significant tourism (particularly QLD), hospitality (grease traps), cruise ships and automotive sectors because of COVID-19. The consolidation of the LTS business and structural adjustments has increased the focus on the quality of revenue and improved earnings.</p> <p>Cleanaway secured several key contracts that are forecast to commence in the second half particularly around the remediation of certain Victorian sites.</p>

Directors' 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.

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.

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.

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 8.

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



M P Chellev
Executive Chairman

Melbourne,

18 February 2021



V Bansal
Chief Executive Officer and Managing Director

Auditor's Independence Declaration



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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 2020, 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; and
- b) no contraventions of 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Brett Croft'.

Brett Croft
Partner
18 February 2021

Consolidated Income Statement

For the half-year ended 31 December 2020

	NOTES	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Revenue	3	1,170.3	1,197.2
Other income		1.2	11.2
Labour related expenses		(439.4)	(439.5)
Collection, recycling and waste disposal expenses		(300.4)	(346.8)
Fleet operating expenses		(114.3)	(119.4)
Property expenses		(24.2)	(21.7)
Other expenses		(35.0)	(44.3)
Share of losses from equity accounted investments	4	(1.3)	(0.3)
Depreciation and amortisation expense		(131.6)	(129.2)
Write-off of plant and equipment		–	(19.8)
Profit from operations		125.3	87.4
Net finance costs	5	(13.9)	(24.2)
Profit before income tax		111.4	63.2
Income tax expense		(32.0)	(17.9)
Profit after income tax		79.4	45.3
Attributable to:			
Ordinary equity holders		78.3	46.2
Non-controlling interest		1.1	(0.9)
Profit after income tax		79.4	45.3

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 2020

	NOTES	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Profit after income tax		79.4	45.3
Other comprehensive income (to be reclassified to profit or loss in subsequent periods)			
Net (loss)/gain on currency basis on cross currency interest rate swaps (net of tax)		(2.7)	1.0
Net comprehensive income recognised directly in equity		(2.7)	1.0
Total comprehensive income for the period		76.7	46.3
Attributable to:			
Ordinary equity holders		75.6	47.2
Non-controlling interest		1.1	(0.9)
Total comprehensive income for the period		76.7	46.3
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	7	3.8	2.3
Diluted earnings per share (cents)	7	3.8	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 2020

	NOTES	31 DEC 2020 \$'M	30 JUNE 2020 \$'M
Assets			
Current assets			
Cash and cash equivalents		31.8	79.8
Trade and other receivables		359.4	348.1
Inventories		19.3	19.4
Other assets		24.9	23.1
Total current assets		435.4	470.4
Non-current assets			
Property, plant and equipment		1,209.4	1,174.0
Right-of-use assets		432.2	416.7
Intangible assets		2,331.3	2,306.2
Equity accounted investments	4	39.3	34.5
Net deferred tax assets		65.1	66.9
Derivative financial instruments		–	30.0
Other assets		25.1	23.9
Total non-current assets		4,102.4	4,052.2
Total assets		4,537.8	4,522.6
Liabilities			
Current liabilities			
Trade and other payables		270.6	271.1
Income tax payable		16.3	6.5
Interest-bearing liabilities	6	70.4	69.6
Employee entitlements		73.9	71.2
Provisions		83.3	79.0
Other liabilities		41.7	34.9
Total current liabilities		556.2	532.3
Non-current liabilities			
Interest-bearing liabilities	6	940.7	995.8
Derivative financial instruments		27.9	–
Employee entitlements		8.1	7.2
Provisions		275.8	287.6
Other liabilities		119.5	128.7
Total non-current liabilities		1,372.0	1,419.3
Total liabilities		1,928.2	1,951.6
Net assets		2,609.6	2,571.0
Equity			
Issued capital	8	2,692.1	2,688.7
Reserves		22.9	23.9
Retained earnings		(107.5)	(142.6)
Parent entity interest		2,607.5	2,570.0
Non-controlling interest		2.1	1.0
Total equity		2,609.6	2,571.0

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 2020

	PARENT ENTITY INTEREST			TOTAL \$'M	NON- CONTROLLING INTEREST \$'M	TOTAL EQUITY \$'M
	ORDINARY SHARES \$'M	RESERVES \$'M	RETAINED EARNINGS \$'M			
At 1 July 2020	2,688.7	23.9	(142.6)	2,570.0	1.0	2,571.0
Profit for period	–	–	78.3	78.3	1.1	79.4
Other comprehensive income	–	(2.7)	–	(2.7)	–	(2.7)
Total comprehensive income for the period	–	(2.7)	78.3	75.6	1.1	76.7
Share-based payment expense	–	1.7	–	1.7	–	1.7
Dividends reinvested/(paid)	3.4	–	(43.2)	(39.8)	–	(39.8)
Balance at 31 December 2020	2,692.1	22.9	(107.5)	2,607.5	2.1	2,609.6
At 1 July 2019	2,678.2	24.0	(167.9)	2,534.3	2.3	2,536.6
Adjustment on adoption of AASB 16	–	–	(7.6)	(7.6)	–	(7.6)
Restated balance at 1 July 2019	2,678.2	24.0	(175.5)	2,526.7	2.3	2,529.0
Profit for period	–	–	46.2	46.2	(0.9)	45.3
Other comprehensive income	–	1.0	–	1.0	–	1.0
Total comprehensive income for the period	–	1.0	46.2	47.2	(0.9)	46.3
Disposal of non-controlling interests	–	–	–	–	(0.2)	(0.2)
Share-based payment expense	–	(1.1)	–	(1.1)	–	(1.1)
Dividends reinvested/(paid)	5.1	–	(38.9)	(33.8)	(0.2)	(34.0)
Balance at 31 December 2019	2,683.3	23.9	(168.2)	2,539.0	1.0	2,540.0

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 2020

	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Cash flows from operating activities		
Profit before income tax	111.4	63.2
Adjustments for:		
Depreciation and amortisation expense	131.6	129.2
Write-off of plant and equipment	–	19.8
Net finance costs	13.9	24.2
Share-based payment expense/(benefit)	1.3	(0.5)
Remediation and rectification provision remeasurement	(1.5)	–
Share of losses from equity accounted investments	1.3	0.3
Net gain on disposal of property, plant and equipment	(0.9)	(4.3)
Other non-cash items	1.9	(1.2)
Net cash from operating activities before changes in assets and liabilities	259.0	230.7
Changes in assets and liabilities:		
Increase in receivables	(7.5)	(18.4)
(Increase)/decrease in other assets	(1.1)	0.9
Decrease/(increase) in inventories	0.1	(1.1)
(Decrease)/increase in payables	(3.0)	15.3
Increase/(decrease) in employee entitlements	3.3	(0.5)
Decrease in other liabilities	(0.5)	(0.6)
Decrease in provisions	(11.5)	(20.6)
Cash generated from operating activities	238.8	205.7
Net interest paid	(17.0)	(16.9)
Income taxes paid	(19.4)	(31.7)
Net cash from operating activities	202.4	157.1
Cash flows from investing activities		
Payments for property, plant and equipment	(117.5)	(96.8)
Payments for intangible assets	(3.4)	(3.9)
Payments for purchase of businesses (net of cash acquired)	(42.8)	(82.3)
Proceeds from disposal of property, plant and equipment	1.5	3.6
Investment in equity accounted investments	(8.1)	(11.3)
Proceeds on divestment of equity accounted investments	–	0.1
Dividends received from equity accounted investments	0.6	0.7
Net cash used in investing activities	(169.7)	(189.9)
Cash flows from financing activities		
Proceeds from borrowings	–	76.0
Repayment of borrowings	(10.2)	(0.3)
Repayment of lease liabilities	(29.9)	(26.1)
Payment of debt and equity raising costs	(0.8)	(1.2)
Payment of dividends to ordinary equity holders	(39.8)	(33.8)
Payment of dividends to non-controlling interests	–	(0.2)
Net cash from/(used in) financing activities	(80.7)	14.4
Net decrease in cash and cash equivalents	(48.0)	(18.4)
Cash and cash equivalents at the beginning of the period	79.8	56.2
Cash and cash equivalents at 31 December	31.8	37.8

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 2020

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 2020 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 2020. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group's net assets increased from \$2,571.0 million at 30 June 2020 to \$2,609.6 million at 31 December 2020.

At 31 December 2020 the Group had a net current asset deficiency of \$120.8 million (30 June 2020: net current asset deficiency of \$61.9 million). As set out in note 6 to the Financial Statements, the Group has unutilised committed debt facilities of \$471.9 million at 31 December 2020 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.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

1. Summary of significant accounting policies (continued)

New and revised standards

The Group applied for the first time, certain standards and amendments, which are effective for the current reporting period. Some amendments became effective during the period but are not relevant to the Group. New and revised standards, amendments thereof and Interpretations which became effective during the current half-year and are relevant to Group include:

- Amendments to AASB 3 – Definition of a Business

The amendment to AASB 3 *Business Combinations* clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together significantly contribute to the ability to create output. The new definition was considered in determining whether the acquisitions set out in Note 10 met the new definition of a business. This amendment has been applied prospectively and has not had an impact on any acquisitions entered into prior to 1 July 2020.

- Amendments to AASB 101 and AASB 108 – Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the Consolidated Financial Statements.

- Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the AASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the Consolidated Financial Statements of the Group.

- Improvements to AASB 2018-2020 cycle – AASB 9 – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender. Cleanaway has applied this guidance in determining that the modification of the CEFC fixed rate debt, which occurred on 19 October 2020, was not substantially different from the terms of the original facility. The Group has early adopted this amendment. Refer to note 5.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

1. Summary of significant accounting policies (continued)

Standards issued but not yet effective

New standards are effective for annual periods beginning after 1 July 2021 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.

- Improvements to AASB 2018-2020 cycle – Reference to the Conceptual Framework – Amendments to AASB 3 (to be initially applied in the financial year ending 30 June 2023)

The amendments are intended to update a reference to the new Conceptual Framework without significantly changing the requirements of AASB 3. The amendments also add a new paragraph to AASB 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. This is not expected to have any impact on the Consolidated Financial Statements. This amendment will be applied to business combinations post adoption and is not expected to have a significant impact on the Group.

- Improvements to AASB 2018-2020 cycle – Property, Plant and Equipment: Proceeds before Intended Use – Amendments to AASB 116 (to be initially applied in the financial year ending 30 June 2023)

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment must be applied retrospectively only to the items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. As Cleanaway does not expect to early adopt this change the first period to potentially be impacted will be the period ending 30 June 2022.

- Improvements to AASB 2018-2020 cycle – Onerous Contracts – Costs of Fulfilling a Contract – Amendments to AASB 137 (to be initially applied in the financial year ending 30 June 2023)

The AASB has issued amendments to AASB 137 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Cleanaway does not intend to early adopt this amendment.

- Classification of Liabilities as Current or Non-current – Amendments to AASB 101 (to be initially applied in the financial year ending 30 June 2024)

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.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

2. Segment reporting

The Group has identified its operating segments based on 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 Infrastructure, Industrial and Resources markets. Services include drain cleaning, non-destructive digging, vacuum loading, high pressure cleaning, pipeline maintenance 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 and e-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.

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.

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.

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.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

2. Segment reporting (continued)

31 DECEMBER 2020	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	781.9	147.7	222.7	–	1,152.3	–	–	1,152.3
Other revenue	5.9	–	12.1	–	18.0	–	–	18.0
Inter-segment sales	25.5	4.0	17.8	(47.3)	–	–	–	–
Total revenue	813.3	151.7	252.6	(47.3)	1,170.3	–	–	1,170.3
Underlying EBITDA	198.4	23.8	55.1	–	277.3	(1.3)	(12.2)	263.8
Depreciation and amortisation	(90.1)	(11.9)	(20.9)	–	(122.9)	–	(8.7)	(131.6)
Underlying EBIT	108.3	11.9	34.2	–	154.4	(1.3)	(20.9)	132.2
Acquisition and integration costs								(3.3)
Material recycling facility fire								(5.1)
Remediation and rectification provision remeasurement								1.5
Profit from operations (EBIT)								125.3
Net finance costs								(13.9)
Profit before income tax								111.4
Income tax expense								(32.0)
Profit after income tax								79.4
Capital expenditure:								
Property, plant and equipment	82.1	14.5	20.9	–	117.5	–	–	117.5
Intangible assets	–	–	0.2	–	0.2	–	3.2	3.4

31 DECEMBER 2019	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	796.9	159.0	225.2	–	1,181.1	–	–	1,181.1
Other revenue	5.9	–	10.2	–	16.1	–	–	16.1
Inter-segment sales	23.2	6.7	23.2	(53.1)	–	–	–	–
Total revenue	826.0	165.7	258.6	(53.1)	1,197.2	–	–	1,197.2
Underlying EBITDA	193.0	23.1	52.8	–	268.9	(0.3)	(12.2)	256.4
Depreciation and amortisation	(88.6)	(12.3)	(20.3)	–	(121.2)	–	(8.0)	(129.2)
Underlying EBIT	104.4	10.8	32.5	–	147.7	(0.3)	(20.2)	127.2
Acquisition and integration costs								(21.8)
Material recycling facility fire ¹								(18.0)
Profit from operations (EBIT)								87.4
Net finance costs								(24.2)
Profit before income tax								63.2
Income tax expense								(17.9)
Profit after income tax								45.3
Capital expenditure:								
Property, plant and equipment	73.8	6.9	15.6	–	96.3	–	0.5	96.8
Intangible assets	0.2	–	–	–	0.2	–	3.7	3.9

¹ On 25 November 2019 a fire occurred at the Materials Recycling Facility in Guildford, Western Australia. Insurance recovery income of \$6.7 million relating to a portion of claim has been recognised. This income is offset by business interruption and clean-up costs of \$4.9 million expensed to date. In addition, \$19.8 million of plant and equipment has been written off.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

3. Revenue

	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Revenue from customers ¹	1,152.3	1,181.1
Other revenue	18.0	16.1
Total Revenue	1,170.3	1,197.2

1 Refer to the segment note for disaggregation of revenue.

4. 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.

NAME OF ENTITY	COUNTRY	REPORTING DATE	OWNERSHIP INTEREST		CARRYING VALUE OF INVESTMENT	
			31 DEC 2020 %	30 JUNE 2020 %	31 DEC 2020 \$'M	30 JUNE 2020 \$'M
Joint ventures:						
A.C.N. 635 427 262 Pty Ltd	Australia	30 June	51	51	10.2	10.5
Circular Plastics Australia Pty Ltd ¹	Australia	30 June	40	–	5.7	–
Cleanaway Resource Co RRF Pty Ltd ²	Australia	30 June	45	45	20.2	20.9
Earthpower Technologies Sydney Pty Ltd	Australia	30 June	50	50	–	–
Tomra Cleanaway Pty Ltd	Australia	30 June	50	50	2.6	2.5
Wonthaggi Recyclers Pty Ltd	Australia	30 June	50	50	0.6	0.6
					39.3	34.5

1 On 3 August 2020 Cleanaway Pty Ltd subscribed for 9,008,640 partly paid shares in Circular Plastics Australia Pty Ltd for \$5.7 million, representing 40% of the paid-up capital of the entity.

2 On 1 January 2020 the Group sold down a 5% interest in Cleanaway ResourceCo RRF Pty Ltd and at the same time, due to a change in the shareholders' agreement, no longer controlled the entity.

(a) Share of (loss)/profit from joint ventures

	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Revenues	205.9	90.5
Expenses	(209.4)	(91.1)
Loss before income tax (100%)	(3.5)	(0.6)
Share of loss before income tax	(1.6)	(0.3)
Income tax benefit	0.3	–
Share of net loss recognised	(1.3)	(0.3)

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

4. 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 2020.

	SALES TO EQUITY ACCOUNTED INVESTMENTS ¹		PURCHASES FROM EQUITY ACCOUNTED INVESTMENTS		INTEREST REVENUE FROM EQUITY ACCOUNTED INVESTMENTS	
	31 DEC 2020 \$'M	31 DEC 2019 \$'M	31 DEC 2020 \$'M	31 DEC 2019 \$'M	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Joint ventures	42.4	36.2	2.4	1.4	0.2	0.1

¹ Sales to equity accounted investments comprise \$40.9 million to Tomra Cleanaway Pty Ltd (31 Dec 2019: \$35.8 million), \$0.6 million to Earthpower Technologies Sydney Pty Ltd (31 Dec 2019: nil), \$0.5 million to Wonthaggi Recyclers Pty Ltd (31 Dec 2019: \$0.4 million) and \$0.4 million to Cleanaway ResourceCo RRF Pty Ltd (31 Dec 2019: nil).

	TRADE AMOUNTS OWED BY EQUITY ACCOUNTED INVESTMENTS		TRADE AMOUNTS OWED TO EQUITY ACCOUNTED INVESTMENTS		LOANS TO EQUITY ACCOUNTED INVESTMENTS ¹	
	31 DEC 2020 \$'M	30 JUNE 2020 \$'M	31 DEC 2020 \$'M	30 JUNE 2020 \$'M	31 DEC 2020 \$'M	30 JUNE 2020 \$'M
Joint ventures	0.4	0.5	1.2	1.2	14.1	10.7

¹ This represents an unsecured loan to Tomra Cleanaway Pty Ltd of \$3.8 million (30 June 2020: \$3.8 million) repayable in full on 22 November 2022, an unsecured loan to Cleanaway ResourceCo RRF Pty Ltd of \$4.5 million (30 June 2020: \$3.7 million) and an unsecured loan to A.C.N. 635 427 262 Pty Ltd of \$5.8 million (30 June 2020: \$3.2 million), repayable when the project has progressed to the financing stage.

5. Net finance costs

	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Finance costs		
Interest on borrowings	(7.5)	(10.2)
Interest on leases	(7.9)	(8.1)
Amortisation of capitalised transaction costs	(1.3)	(1.6)
Unwind of discount on provisions and other liabilities	(4.6)	(5.2)
Gain on modification of fixed rate borrowings ¹	7.9	–
Amortisation of gain on modification of fixed rate borrowings	(0.4)	–
Fair value gain on USPP Notes	53.8	6.1
Fair value loss on cross currency interest rate swaps (CCIRS)	(54.1)	(6.3)
	(14.1)	(25.3)
Finance income		
Interest income	0.2	1.1
	0.2	1.1
Net finance costs	(13.9)	(24.2)

¹ On 19 October 2020 the \$90.0 million Clean Energy Finance Corporation term loan facility was amended including a reduction in the fixed interest rate. The \$7.9 million gain on modification of fixed rate debt is net of fees of \$1.7 million, paid to the lender.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

6. Interest-bearing liabilities

	UNSECURED				SECURED	TOTAL INTEREST-BEARING LIABILITIES \$'M
	BANK LOANS \$'M	CLEAN ENERGY FINANCE CORPORATION \$'M	USPP NOTES \$'M	OTHER \$'M	LEASE LIABILITIES \$'M	
Opening balance at 1 July 2020	111.1	89.7	426.9	0.4	437.3	1,065.4
Repayment of borrowings	(9.8)	–	–	(0.4)	(29.9)	(40.1)
Borrowing costs paid	(0.8)	–	–	–	–	(0.8)
Cash flows	(10.6)	–	–	(0.4)	(29.9)	(40.9)
Lease drawdowns	–	–	–	–	34.2	34.2
Remeasurement of lease liabilities	–	–	–	–	6.9	6.9
Non-cash drawdowns	2.1	–	–	–	–	2.1
Interest bearing liabilities acquired	–	–	–	–	5.5	5.5
Modification gain ¹	–	(9.6)	–	–	–	(9.6)
Fair value changes	–	–	(53.8)	–	–	(53.8)
Borrowing costs reversed/(accrued)	(0.3)	–	(0.1)	–	–	(0.4)
Amortisation of modification gain	–	0.4	–	–	–	0.4
Amortisation of borrowing costs	1.2	–	0.1	–	–	1.3
Closing balance at 31 December 2020	103.5	80.5	373.1	–	454.0	1,011.1

1 On 19 October 2020 the \$90.0 million Clean Energy Finance Corporation term loan facility was amended including a reduction in the fixed interest rate. The fixed rate debt was remeasured by calculating the net present value of the modified cash flows discounted using the effective interest rate used on initial recognition. The \$9.6 million difference between the remeasured amount and the net present value of the remaining original cash flows was recorded as a modification gain on fixed rate debt.

	UNSECURED				SECURED	TOTAL INTEREST-BEARING LIABILITIES \$'M
	BANK LOANS \$'M	CLEAN ENERGY FINANCE CORPORATION \$'M	USPP NOTES ¹ \$'M	OTHER \$'M	LEASE LIABILITIES \$'M	
Opening balance at 1 July 2019	480.1	99.4	–	0.8	134.4	714.7
AASB 16 opening balance adjustment	–	–	–	–	297.0	297.0
Restated balance at 1 July 2019	480.1	99.4	–	0.8	431.4	1,011.7
Proceeds/(repayment) of borrowings	76.0	–	–	(0.3)	(26.1)	49.6
Borrowing costs paid	(0.9)	–	(0.3)	–	–	(1.2)
Cash flows	75.1	–	(0.3)	(0.3)	(26.1)	48.4
Lease drawdowns	–	–	–	–	31.4	31.4
Non-cash drawdowns	0.2	–	–	–	–	0.2
Interest bearing liabilities acquired	–	–	–	0.8	0.1	0.9
Fair value changes	–	–	(6.1)	–	–	(6.1)
Lease variations	–	–	–	–	(0.3)	(0.3)
Borrowing costs reversed/(accrued)	0.4	–	(4.5)	–	–	(4.1)
Amortisation of borrowing costs	1.5	0.1	–	–	–	1.6
Closing balance at 31 December 2019	557.3	99.5	(10.9)	1.3	436.5	1,083.7

1 On 15 November 2019 the Group committed to issuing US\$270.0 million (A\$397.6 million) notes (USPP Notes) to US domiciled life insurance companies. The USPP Notes were issued and proceeds received on 11 February 2020. Fair value changes represent the interest and currency movements from commitment date to 31 December 2019.

On 15 November 2019 Cleanaway also entered into forward starting cross currency interest rate swaps (CCIRS) with matching terms to the USPP Notes. The CCIRS swap the fixed rate USD debt into floating rate AUD debt. Under the CCIRS the Group pays variable BBSW + a fixed margin against A\$397.6 million and receives a fixed rate of interest against US\$270.0 million. The fixed amount of interest the Group receives under the CCIRS is equal to the fixed rate of interest it pays on the USPP Notes. The fair value of the CCIRS is disclosed in note 11.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

6. Interest-bearing liabilities (continued)

The headroom available in the Group's facilities at 31 December 2020 is summarised below:

		AVAILABLE \$'M	UTILISED \$'M	NOT UTILISED \$'M
Syndicated Facility Agreement	Facility A ^{1,2,3}	135.0	(112.4)	22.6
	Facility B ³	200.0	(105.0)	95.0
	Facility C ³	315.0	–	315.0
US Private Placement (USPP) Notes		373.1	(373.1)	–
Clean Energy Finance Corporation ⁴		90.0	(90.0)	–
Bank guarantee facilities ¹		95.0	(55.7)	39.3
		1,208.1	(736.2)	471.9

- 1 These facilities include \$149.6 million (30 June 2020: \$145.7 million) in guarantees and letters of credit, which only give rise to a liability where the Group fails to perform its contractual obligations.
- 2 This facility includes \$3.5 million (30 June 2020: \$6.5 million) of corporate credit card limit utilisation, \$15.0 million of overdraft utilisation (30 June 2020: \$15.0 million) and nil (30 June 2020: \$6.6 million) of outstanding lease commitments.
- 3 Amounts utilised exclude capitalised transaction costs of \$3.5 million (30 June 2020: \$3.9 million) and \$2.0 million (30 June 2020: nil) of bank loans advanced under uncommitted facilities.
- 4 The amount utilised excludes unamortised borrowing costs of \$0.4 million (30 June 2020: \$0.4 million) and unamortised gain on fixed rate debt of \$9.2 million (30 June 2020: nil).

7. Earnings per share

	31 DEC 2020	31 DEC 2019
Basic earnings per share (cents)	3.8	2.3
Diluted earnings per share (cents)	3.8	2.2

	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Profit after income tax	79.4	45.3
(Profit)/loss attributable to non-controlling interests	(1.1)	0.9
Profit after income tax attributable to ordinary equity holders	78.3	46.2

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

	31 DEC 2020	31 DEC 2019
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	2,056,181,369	2,048,652,255
Effect of potential ordinary shares	7,504,485	12,143,060
Number for diluted earnings per share	2,063,685,854	2,060,795,315

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

8. Issued capital

	31 DEC 2020		30 JUNE 2020	
	NUMBER OF SHARES	\$'M	NUMBER OF SHARES	\$'M
Opening balance	2,053,944,831	2,688.7	2,044,507,391	2,678.2
Issue of shares under dividend reinvestment plan	1,532,615	3.4	5,053,889	10.5
Issue of shares under employee incentive plans	2,377,258	–	4,383,551	–
Closing balance	2,057,854,704	2,692.1	2,053,944,831	2,688.7

9. Dividends

	31 DEC 2020 CENTS PER SHARE	31 DEC 2019 CENTS PER SHARE	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Dividends paid during the period				
Final dividend relating to prior period	2.10	1.90	43.2	38.9
Dividends determined in respect of the period				
Interim dividend relating to current period	2.25	2.00	46.3	41.0

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

10. Business combinations

Half-year ended 31 December 2020

During the half-year ended 31 December 2020, the Group acquired a 100% interest in Grasshopper Holdings Pty Ltd and its wholly owned subsidiary Grasshopper Environmental Pty Ltd (together referred to as the "Grasshopper Group"). Details of the business combination are provided below:

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS	OPERATING SEGMENT
Grasshopper Group	1 October 2020	Waste disposal business based in Sydney, NSW	Solid Waste Services

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

	31 DEC 2020 S'M
Assets	
Cash and cash equivalents	1.0
Trade and other receivables	4.2
Property, plant and equipment	7.4
Right-of-use assets	2.9
Intangible assets	9.5
Other assets	0.5
	25.5
Liabilities	
Trade and other payables	2.5
Employee entitlements	0.2
Provisions	0.5
Interest-bearing liabilities	2.9
Deferred tax liability	2.6
	8.7
Total identifiable net assets at fair value	16.8
Goodwill arising on acquisition	12.5
Purchase consideration	29.3

The intangible assets identified as part of the acquisition included customer contracts and relationship intangibles and the trademarks transferred to the Group. The fair value of the intangible assets is based on the present value of the expected cash flows from the customers of the acquired business, applying an expected attrition rate of the customer base. The trademarks were valued using the capitalisation of future maintainable profits method. Goodwill acquired comprises the value of expected synergies arising from integration of the acquired businesses and is non-deductible for income tax purposes.

	31 DEC 2020 S'M
Cash paid (included in cash flows from investing activities)	(23.0)
Contingent consideration	(5.0)
Deferred consideration	(1.3)
Total purchase consideration	(29.3)

Contingent consideration will be paid if certain earnings targets are met by 30 June 2021, by the acquired entity.

Deferred consideration of \$1.3 million was paid on 2 February 2021 as a completion adjustment related to acquired working capital and net debt.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

10. Business combinations (continued)

Half-year ended 31 December 2020 (continued)

	31 DEC 2020 S'M
Net cash acquired (included in cash flows from investing activities)	1.0
Cash paid (included in cash flows from investing activities)	(23.0)
Transaction costs of the acquisition (included in cash flows from operating activities)	(0.1)
Net cash flow on acquisition	(22.1)

From the date of acquisition to 31 December 2020, the business contributed \$6.2 million of revenue and \$0.3 million to profit before tax to the Group. If the business had been acquired at the beginning of the reporting period, revenue of \$13.1 million and profit before tax of \$0.6 million would have been contributed to the Group.

During the half-year ended 31 December 2020, the Group acquired a business from Stawell Landfill Pty Ltd and Stawell Landfill Holdings Pty Ltd (Stawell landfill). Details of the business combination are provided below:

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS	OPERATING SEGMENT
Stawell landfill	14 August 2020	Landfill services business based in Stawell, Victoria	Solid Waste Services

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

	31 DEC 2020 S'M
Assets	
Inventories	0.6
Property, plant and equipment	2.7
Deferred tax assets	2.4
Intangible assets	9.5
	15.2
Liabilities	
Provisions	8.1
	8.1
Total identifiable net assets at fair value	7.1
Goodwill arising on acquisition	2.9
Purchase consideration	10.0

The intangible assets identified as part of the acquisition included landfill airspace. The fair value of this intangible asset is based on the present value of the expected cash flows from the airspace. Goodwill acquired comprises the value of expected synergies arising from integration of the acquired businesses and is non-deductible for income tax purposes.

	31 DEC 2020 S'M
Cash consideration paid (included in cash flows from investing activities)	(10.0)
Transaction costs of the acquisition (included in cash flows from operating activities)	(0.5)
Net cash flow on acquisition	(10.5)

From the date of acquisition to 31 December 2020, the business contributed \$2.0 million of revenue and \$0.4 million to profit before tax to the Group. If the business had been acquired at the beginning of the reporting period, revenue of \$2.6 million and profit before tax of \$0.5 million would have been contributed to the Group.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

10. Business combinations (continued)

Half-year ended 31 December 2020 (continued)

During the half-year ended 31 December 2020, the Group acquired a business from NPL4152 Pty Ltd and Certified Destruction Services Pty Ltd (Pinkenba CDS) and a business from Oilwise Pty Ltd ("Oilwise"). Details of the business combinations are provided below:

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS	OPERATING SEGMENT
Pinkenba CDS	3 August 2020	Certified destructions services business in Pinkenba, Queensland	Solid Waste Services
Oilwise	30 October 2020	Oil collection business, NSW	Liquid Waste & Health Services

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

	31 DEC 2020 \$'M
Assets	
Property, plant and equipment	3.5
Right-of-use assets	2.7
Intangible assets	1.7
	7.9
Liabilities	
Employee entitlements	0.1
Interest-bearing liabilities	2.7
Deferred tax liabilities	0.5
	3.3
Total identifiable net assets at fair value	4.6
Goodwill arising on acquisition	3.9
Purchase consideration	8.5

The intangible assets identified as part of the acquisitions included customer relationship intangibles. The fair value of the intangible assets is based on the present value of the expected cash flows from the customers of the acquired business, applying an expected attrition rate of the customer base. Goodwill acquired comprises the value of expected synergies arising from integration of the acquired businesses and is non-deductible for income tax purposes.

	31 DEC 2020 \$'M
Cash consideration paid (included in cash flows from investing activities)	(8.5)
Transaction costs of the acquisition (included in cash flows from operating activities)	–
Net cash flow on acquisition	(8.5)

From the date of acquisition to 31 December 2020, the Pinkenba CDS and Oilwise acquisitions contributed \$2.1 million of revenue and \$0.4 million loss to profit before tax to the Group. If both businesses had been acquired at the beginning of the reporting period, revenue of \$2.6 million and profit before tax of \$(0.3) million would have been contributed to the Group.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

10. Business combinations (continued)

Year ended 30 June 2020

During the year ended 30 June 2020, the Group acquired a business from various entities in the SKM Recycling Group (receivers and managers appointed) (SKM). Details of the business combination are provided below:

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS	OPERATING SEGMENT
SKM	31 October 2019	Recycling business based in Victoria, Tasmania and South Australia	Solid Waste Services

At 30 June 2020, provisionally determined values were reported. Subsequent to 30 June 2020, final fair values for the business combination were determined. Comparative amounts for 30 June 2020 have been restated in this financial report for final determined fair values. The restated aggregated fair value of the identifiable assets and liabilities as at the date of acquisition were:

	PROVISIONAL FAIR VALUE REPORTED AT 30 JUNE 2020 \$'M	ADJUSTMENTS TO PROVISIONAL FAIR VALUE \$'M	FINAL FAIR VALUE \$'M
Assets			
Property, plant and equipment ¹	68.3	(2.1)	66.2
Deferred tax assets ²	3.3	2.7	6.0
Prepayments	0.1	0.1	0.2
	71.7	0.7	72.4
Liabilities			
Trade and other payables	0.5	0.1	0.6
Employee entitlements	0.9	–	0.9
Provisions ³	8.8	12.2	21.0
Interest-bearing liabilities	0.9	–	0.9
	11.1	12.3	23.4
Total identifiable net assets at fair value	60.6	(11.6)	49.0
Goodwill arising on acquisition	5.4	11.6	17.0
Purchase consideration	66.0	–	66.0

1 A detailed review of the values placed on property, plant and equipment in the preliminary valuation has resulted in a net reduction in the fair value by \$2.1 million.

2 Deferred tax assets increased by \$2.7 million mainly as a result of the adjustment to provisions.

3 The increase in the fair value of provisions by \$12.2 million comprises: \$11.6 million related to remediation of the properties acquired to ensure they are compliant with the applicable laws and regulations and \$0.6 million related to other provisions.

30 Jun
2020
\$'M

Cash paid (included in cash flows from investing activities)	66.0
Transaction costs of the acquisition (included in cash flows from operating activities)	7.5
Net cash flow on acquisition	73.5

The acquisition of SKM followed the public sale process conducted by KordaMentha, who were appointed Receivers and Managers of SKM by Cleanaway following the acquisition of the senior secured loans from SKM's lender, on 21 August 2019. From the date of acquisition to 30 June 2020, the business contributed \$30.4 million of revenue and \$1.1 million loss to profit before tax to the Group.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

11. 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
31 DECEMBER 2020			
Opening fair value of asset/(liability) as at 1 July 2020	(99.8)	(431.6)	30.0
Amortisation of fair value loss on recognition	–	–	0.1
Movement relating to changes in AUD or USD interest rates:			
Fair value hedges	–	13.6	(12.6)
Other	6.8	–	(4.3)
Movement relating to change in AUD/USD exchange rates:			
Cash flow hedges	–	40.2	(37.2)
Movement relating to change in AUD/USD currency basis	–	–	(3.9)
Closing fair value of asset/(liability) as at 31 December 2020	(93.0)	(377.8)	(27.9)
Carrying amount of asset/(liability) as at 31 December 2020	(80.5)	(373.1)	(27.9)
Accumulated fair value adjustments on the hedged items	–	19.8	n/a

¹ Fair value movements in interest rates related to the hedging instruments of \$(12.6) million includes an effective portion of \$(13.6) million and an ineffective portion of \$1.0 million. Fair value movements in exchange rate cash flow hedges of \$(37.2) million includes an effective portion of \$(40.2) million and an ineffective portion of \$3.0 million. The notional amount of the derivatives is US\$270.0/\$397.6 million.

	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
30 JUNE 2020			
Opening fair value of asset/(liability) as at 1 July 2019	(109.9)	–	–
Fair value on recognition/derecognition	10.5	(397.6)	(3.1)
Movement relating to changes in AUD or USD interest rates:			
Fair value hedges	–	(40.5)	39.5
Other	(0.4)	–	(1.0)
Movement relating to change in AUD/USD exchange rates:			
Cash flow hedges	–	6.5	(5.1)
Movement relating to change in AUD/USD currency basis	–	–	(0.3)
Closing fair value of asset/(liability) as at 30 June 2020	(99.8)	(431.6)	30.0
Carrying amount of asset/(liability) as at 30 June 2020	(89.7)	(426.9)	30.0
Accumulated fair value adjustments on the hedged items	–	(34.0)	n/a

¹ Fair value movements in interest rates related to the hedging instruments of \$39.5 million includes an effective portion of \$40.5 million and an ineffective portion of \$(1.0) million. Fair value movements in exchange rate cash flow hedges of \$(5.1) million includes an effective portion of \$(6.5) million and an ineffective portion of \$1.4 million. The notional amount of the derivatives is US\$270.0/\$397.6 million.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

12. Contingent assets and liabilities

Other than as set out below there have been no material changes to the contingent assets and liabilities which were disclosed in the 30 June 2020 Annual Report.

On 10 October 2020 the Victorian Environment Protection Authority (EPA) issued an invoice to the Group for \$6.9 million in respect of landfill levies on materials purchased from the Boral quarry, which were used by Cleanaway at its Melbourne Regional Landfill as daily cover during the year ended 30 June 2018. The EPA's position is that the levy is payable as the cover material is 'waste' and no exemption applies. Cleanaway does not agree that this material is 'waste' as the material was purchased from Boral and used in its landfilling operations. It therefore intends to defend this position.

13. 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 2020 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 2020 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.



M P Chellew
Executive Chairman



V Bansal
Chief Executive Officer and Managing Director

Melbourne, 18 February 2021

Independent Auditor's Review Report

to the members of Cleanaway Waste Management Limited



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Report on the Half-Year Financial Report

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 2020, the Consolidated Income Statement, the 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, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance 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 2020 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*.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the Annual Financial Report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Brett Croft
Partner
Melbourne, 18 February 2021

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