



NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Notice is given that WasteCo Group Limited will hold a special meeting of shareholders at PwC Centre, Level 3, 60 Cashel Street, Christchurch Central City, Christchurch on Friday, 13 December 2024, commencing at 11am.

Dear Shareholder,

On 22 November 2024 WasteCo Group Limited (**Company** or **WasteCo**) announced to the NZX that it had entered into a conditional agreement to acquire all the shares in Civic Waste Limited for a purchase price of \$9 million, together with an earn out component based on the achievement of certain financial performance milestones during the course of the 12-month period following the completion of the transaction.

The Company also announced that it had entered into a conditional subscription agreement with Empire Waste Technology Limited (**Empire**) for the issue of \$15 million of convertible notes (**Notes**).

This notice of special meeting of shareholders (**notice**) contains a resolution for the approval of the issue of the Notes, and the conversion of the Notes into quoted ordinary shares in the Company (**Shares**).

The notice also contains a resolution permitting the issue of up to 250 million Shares at an issue price of \$0.02 each under a share purchase plan to be offered by the Company in December 2024.

Accompanying this notice is an independent adviser's report (**IAR**) prepared by Simmons Corporate Finance Limited required under the Takeovers Code relating to the conversion of Notes into Shares.

Each of the directors unanimously recommend that shareholders approve the resolutions. Each director has represented to WasteCo that he will vote or procure the voting of all shares in the Company held or controlled by the director or any of their associates in favour of the resolution to approve the issue and conversion of the Notes.

If you are unable to attend the meeting, we encourage you to complete and lodge the proxy form in accordance with the instructions on the back of that form and to vote in favour of the resolution. Otherwise, we look forward to welcoming you to the meeting.

Yours sincerely

Shane Edmond
Chairman

Important Dates and Times

Latest time for receipt of proxy forms and questions: 11am on Wednesday 11 December 2024

Time for determining voting entitlement at the Meeting: 5pm on Thursday 12 December 2024

AGENDA

To consider, and if thought fit, pass the following ordinary resolutions:

Resolution 1: To approve, for the purposes of NZX Listing Rule 4.2.1 and Rule 7(d) of the Takeovers Code, the issue of \$15 million principal amount of convertible notes (**Notes**) to Empire Waste Technology Limited (**Empire**), and up to 750 million ordinary shares to Empire (subject to adjustment in accordance with the terms of the Notes), on conversion of the Notes, on the essential terms described in the notice of meeting.

Resolution 2: Subject to resolution 1 being passed, to approve, for the purposes of NZX Listing Rules 4.2.1, the issue of up to 250 million shares at an issue price of \$0.02 under the share purchase plan to be offered in December 2024, as more particularly described in the explanatory notes.

Further information relating to the resolutions is set out in the Explanatory Notes.

By order of the Board of Directors

Shane Edmond
Chairman

27 November 2024

EXPLANATORY NOTES

Resolution 1: issue of convertible notes

Background

As explained on the first page, WasteCo seeks shareholder approval to the issue of \$15 million of Notes to Empire in connection with the acquisition of Civic Waste. The acquisition of Civic Waste does not require shareholder approval but more information about that acquisition is available in WasteCo's market announcement of 22 November 2024 at <https://www.nzx.com/companies/WCO/announcements>.

Use of proceeds

The funds raised through the issue of Notes will be applied towards:

- Satisfying payment of the \$9 million purchase price payable to acquire Civic Waste; and
- Providing growth capital for the Company, including but not limited to funding future acquisition opportunities.

Impact on financial position

At its most recent balance date of 31 March 2024, WasteCo had consolidated assets of \$67.66m, consolidated liabilities of \$51.27m and total equity of \$16.39m. Kiwibank is WasteCo's external bank lender with facilities of \$35.45m as described in more detail at note 29 of WasteCo's financial statements on page 65 of its 2024 annual report which can be found at <https://www.nzx.com/announcements/433557>. At 19 November 2024, WasteCo had approximately \$30.5m of borrowings drawn under its bank facilities with Kiwibank.

WasteCo intends to release its unaudited financial statements for the six months ended 30 September 2024 on 29 November 2024, which will be available at <https://www.nzx.com/companies/WCO/announcements>.

The issue of the Notes will increase WasteCo's assets by \$15m and also increase its non-current liabilities by \$15m. Should Empire convert Notes, WasteCo's liabilities would reduce by \$1, and its equity increase by \$1, for every \$1 of Notes converted.

Essential terms of the Notes

The essential terms of the Notes are:

Issuer	WasteCo Group Limited (WasteCo)
Subscriber	Empire Waste Technology Limited (Empire), an entity which is ultimately under the control of Simon and Paula Herbert
Issue size	15 million Notes issued at \$1.00 principal amount each for a total issue size of \$15 million
Term	5 years from the subscription date. The subscription date is the date of settlement under the Civic Waste sale and purchase agreement
Interest Rate	6% per annum
Interest Payments	Payable in cash in arrears three business days before the end of each calendar month
Default Rate	12% per annum. Interest is payable at the default rate if for any reason, other than the default of Empire, WasteCo fails to make a payment on the date that it is due, until the late payment is made
Conversion	<p>Empire may elect to convert all or part of the Notes into WasteCo ordinary shares at any time during the Term. The conversion occurs 10 business days after Empire serves a notice on WasteCo electing to convert Notes. The number of shares to be issued is determined in accordance with the following formula:</p> $OS = PA \div A$ <p>In the above formula:</p> <p>OS = the number of ordinary shares in the Company to be issued on conversion of the Notes.</p> <p>PA = the principal amount of the Notes to be converted into ordinary shares (as specified in the relevant election notice).</p> <p>A = \$0.02 (subject to any adjustments).</p> <p>“A” is adjusted proportionately if there is any consolidation or subdivision of shares or other alteration in the share capital prior to the conversion.</p> <p>In the event that all Notes are converted, Empire would be issued 750 million new WasteCo ordinary shares (assuming there is no adjustment in the share capital for the purposes of “A” above).</p> <p>Any ordinary shares issued on conversion of Notes will rank equally with all other shares then on issue in WasteCo.</p>
Redemption	If conversion of all of the Notes has not occurred at expiry of the Term, the company must redeem the remaining Notes for cash
Transferability	Empire may transfer its Notes subject to the approval of WasteCo (not to be unreasonably withheld or delayed), although a transferee would need to comply with the Takeovers Code to convert the Notes.
Security	The obligations of WasteCo to Empire are secured by a second-ranking general security deed over the present and after-acquired property of WasteCo. Empire ranks behind the general security agreement held by WasteCo’s external lender Kiwibank (or any replacement of Kiwibank as senior secured lender).
Governance rights	<p>While the Notes are outstanding, WasteCo agrees to use its best endeavours to:</p> <ul style="list-style-type: none"> • maintain a board with a maximum size of 5 directors of which two directors will be nominated by Empire and appointed by the Board (Nominated Director); • ensure that when a Nominated Director is up for re-election by shareholders at a subsequent annual meeting the Board will recommend that person for re-election; and • ensure that if a Nominated Director retires or is not re-elected, Empire has a right to nominate a replacement for appointment by the Board and the Board will procure that such replacement is appointed.

Warranties and Covenants	<p>WasteCo has provided Empire with a number of standard warranties, including on the accuracy and completeness of due diligence information provided to Empire.</p> <p>WasteCo has also provided Empire with a number of standard covenants, such as not to grant security interests over WasteCo outside its ordinary course of business, to comply with laws and to maintain a listing of the WasteCo's shares.</p> <p>WasteCo has also agreed not to undertake any Material Transaction (as defined in the NZX Listing Rules, and regardless of whether the counterparty is a related party) without the written consent of Empire.</p>
Events of Default	<p>The following circumstances are events of default which would entitle Empire to require WasteCo to redeem remaining Notes for \$1.00 each by notice in writing by Empire to WasteCo:</p> <ul style="list-style-type: none"> • non-payment of any amount due to Empire (including in accordance with a deed of priority between Kiwibank (or a replacement senior lender) and Empire) • a breach of any representation, warranty or undertaking in the Notes subscription agreement, general security agreement or deed of priority (Transaction document), in a material respect • a breach of a Transaction document which is not capable or remedy in the opinion of Empire or is not remedied within 20 business days • an insolvency event occurring in respect of WasteCo • a cross-default of any obligation for WasteCo to make a payment to another party in respect of borrowed money in excess of \$100,000
Exit Event	<p>If an Exit Event Occurs, Empire is entitled to require WasteCo to redeem remaining Notes for \$1.00 each by notice in writing by Empire to WasteCo. An Exit Event occurs if a person (other than Empire) acquires control of WasteCo (defined as direct or indirect ownership of at least 50% of WasteCo or the right to appoint at least 50% of the board of WasteCo) or the whole or substantially the whole of the assets of WasteCo.</p>
Anti-dilution	<p>WasteCo has agreed that, except in relation to the share purchase plan (covered by resolution 2), it will use its best endeavours to offer Empire the right to participate in future capital raisings by WasteCo to the extent that, immediately following the capital raising, Empire could maintain the same percentage holding it would hold on conversion of the Notes (had it converted the Notes immediately prior to that capital raise), subject to compliance with all applicable laws.</p> <p>To give effect to this provision, unless Empire agrees otherwise in writing, WasteCo will use its best endeavours to seek all necessary consents and authorisations to permit Empire to participate in the future capital raising, including to seek an exemption from the Takeovers Panel or to seek shareholder approval.</p>
Conditions precedent	<p>The subscription agreement between Empire and WasteCo is conditional on:</p> <ul style="list-style-type: none"> • the WasteCo board and shareholders approving the issue of the Notes, the potential issue of shares in WasteCo upon conversion of the Notes, and the grant of the second-ranking general security deed over the present and after-acquired property of WasteCo to Empire, in each case to the extent required by the NZX Listing Rules and the Takeovers Code • The agreement for sale and purchase relating to Civic Waste becoming unconditional (other than completion of the subscription for Notes) • Kiwibank agreeing to the grant of second ranking security and a deed of priority with WasteCo and Empire • the composition of the board from the time of subscription for the Notes being acceptable to Empire. Empire has acknowledged that WasteCo intends to elect a new chair by 31 January 2025 • No material adverse change arising between entry into the subscription agreement and subscription for the Notes. A material adverse change is defined as an adverse event or circumstance (or a series of events or circumstances) arising which has the effect, or is reasonably likely to have the effect, of reducing EBITDA (or forecast EBITDA) for WasteCo and its subsidiaries in the 12 month period following the

event by \$500,000 or more, or by reducing the net tangible assets of WasteCo and its subsidiaries by \$500,000 or more.

Empire released a substantial product holder disclosure notice to the market on Friday 22 November 2024, which included a full copy of the Convertible Notes Agreement. That disclosure can be found at: <https://www.nzx.com/announcements/442478>.

Choice of funding structure

As discussed, in section 3.9 of the IAR, in the past three financial years WasteCo has funded business and asset acquisitions through a mixture of debt and equity.

The Board considered alternative capital raising options to enable completion of the Civic Waste acquisition, including a rights issue, share placement or debt funding, but concluded none of these options provided the same certainty that the required level of capital would be raised.

WasteCo also aims to raise up to \$5m under the share purchase plan (the subject of resolution 2), to enable existing shareholders to apply for shares at \$0.02 each. While WasteCo obtained shareholder approval at its annual meeting to place up to 127,255,915 new shares to wholesale investors at a volume weighted issue price prior to the time of issue, it does not currently intend to act on that authority.

Information required by Takeovers Code

For the purposes of Rule 16 of the Takeovers Code set out in the Schedule to the Takeovers Regulations 2000 (**Takeovers Code**):

- *Allottee*: Empire Waste Technology Limited (**Empire**) is the allottee of ordinary shares (and therefore the holder of the voting rights) in WasteCo that would be issued if Notes convert
- *Controllers*: Simon and Paula Herbert would have effective control of the voting rights held by Empire
- *Particulars of voting securities*: In accordance Schedule 5 of the Takeovers Code:
 - up to 750 million of ordinary shares in WasteCo could be issued to the allottee (**approved maximum number**)
 - the percentage of the aggregate of all existing securities (848,372,765) and all voting securities that could be allotted (750,000,000) that the approved maximum number represents is 88.405%
 - the maximum percentage of all voting securities that could be held or controlled by the allottee after completion of the allotment is 46.922%
 - the maximum aggregate percentages of all voting securities that could be held or controlled by the allottee and the allottee's associates after completion of the allotment is 46.922%
 - the date used for these calculations is 26 November 2024 (**calculation date**). These calculations have been made on the assumptions that:
 - the number of voting securities is the number of WasteCo shares on issue on the calculation date (being, 848,372,765)
 - there is no change in the total number of voting securities on issue between the allotment date and the end of the allotment period other than as a result of the allotment (this is unlikely to be the case, including because WasteCo expects to make allotments under the share purchase plan offer contemplated by resolution 2)
 - the allottee is allotted the approved maximum number of shares under the allotment (the allottee is entitled to decide to only convert some of the Notes during the Term or on expiry of the Term may require repayment in cash instead of converting remaining Notes)
 - the allottee is allotted the maximum number of shares under the allotment,

- that there is no proportionate consolidation or subdivision of shares in WasteCo during the term (were there to be a consolidation that would proportionately reduce the number of shares issued on allotment; were there to be a subdivision that would proportionately increase the number of shares issued on allotment).
- neither the allottee nor any associate of the allottee currently holds any shares in WasteCo.
- the issue price for shares issued on conversion of Notes is \$0.02 each (subject to proportionate adjustment on any consolidation or subdivision of WasteCo shares or other alteration in the share capital prior to the conversion). Empire will contribute cash on subscription for the Notes, which is currently expected to occur on 16 December 2024. No further amount will be payable on conversion of the Notes.
- the reasons for the allotment are described above
- the allotment, if approved, will be permitted under rule 7(d) of the Takeovers Code as an exception to rule 6 of the Takeovers Code
- there is no agreement or arrangement (whether legally enforceable or not) that has been, or is intended to be, entered into by Empire or the controllers of Empire stated above (other than under the subscription agreement entered into between Empire and WasteCo) relating to the allotment, holding or control of the voting securities to be issued to Empire, or to the exercise of any voting rights in WasteCo.

Simmons Corporate Finance has prepared an independent adviser's report (**IAR**) under rule 18 of the Takeovers Code that accompanies this notice of meeting. Section 2.2 of the IAR summarises Simmons Corporate Finance's evaluation of the merits of the Notes issue. Simmons Corporate Finance concludes that the positive aspects of the allotment of Notes to Empire outweighs the negative aspects from the perspective of non-associated shareholders.

Each of the current directors of WasteCo, Shane Edmond, Roger Gower and James Redmayne recommend that shareholders of WasteCo vote in favour of the resolution. Each director has represented to WasteCo that it will vote or procure the voting of all shares in the Company held or controlled by the director or any of their associates in favour of the resolution.

The directors consider the issue of the Notes is in the best interests of WasteCo, and to be fair and reasonable to WasteCo and its shareholders, as the Notes issue has been agreed on an arms' length commercial basis. The proceeds of the Notes issue will enable the Company to complete the acquisition of Civic Waste and provide funding for other growth opportunities.

Requirement for Resolution 1

In addition to the requirements of Rule 7(d) of the Takeovers Code discussed above, NZX Listing Rule 4.9.1(b)(i) allows the issue of shares on conversion of convertible notes where the issue of the convertible notes is approved in the manner set out in NZX Listing Rule 4.2.1.

NZX Listing Rule 4.2.1 provides for shareholder approval of an issue of equity securities (such as shares) by an ordinary resolution of shareholders. An ordinary resolution is a resolution passed by a majority of shareholders voting in person or by proxy.

Under NZX Listing Rule 6.3.1, Empire and any Associated Person (as defined in the Listing Rules) or any Associate (as defined in the Takeovers Code) are prohibited from voting on resolution 1. However, neither Empire nor any Associated Person or Associate currently hold any shares in WasteCo.

Consequences if resolution 1 is not passed

If resolution 1 is not passed then WasteCo would not be able to complete the acquisition of Civic Waste as the conditions of the Civic Waste acquisition would not be satisfied. WasteCo would also need to seek alternative funds to pursue other growth opportunities.

Resolution 2: share purchase plan

Introduction

WasteCo also seeks shareholder approval to issue up to 250 million shares at an issue price of \$0.02 payable in cash under a share purchase plan (**SPP**) to be offered in early December 2024 to existing shareholders.

The record date to determine entitlements for the share purchase plan (**record date**) will be announced to NZX once finalised but is currently anticipated to be at 5pm on 29 November 2024.

Under the SPP, shareholders (or, in the case of shares held through a custodian, each beneficial owner), with an address in New Zealand on the record date may apply for up to \$50,000 of new shares at the issue price of \$0.02 each, provided that Directors of the Company and their Associated Persons (as defined in the Listing Rules) are not eligible to participate in the SPP.

If more than 250 million shares are applied for in the SPP, WasteCo will scale back the applications by reference to the number of shares held on the record date.

If there is a shortfall in applications under the SPP, the Board of WasteCo will have a discretion to place the shortfall at the same issue price of \$0.02 each with allocations to be made at the Board's discretion provided that Directors of the Company and their Associated Persons (as defined in the Listing Rules) are not eligible to be allocated any shortfall shares.

The new shares issued under the share purchase plan will rank equally with existing shares in WasteCo from the time of issue.

The Company currently has 848,372,765 quoted ordinary shares on issue, so the new shares would comprise 29.47% of the current shares on issue if all 250 million shares were issued. NZX Listing Rules 4.3 and 4.4 allow an offer of shares under a share purchase plan of up to 10% of the current shares on issue, without shareholder approval. In this case the offer has been structured in a similar manner to a share purchase plan under NZX Listing Rules 4.3 and 4.4 but since the offer size exceeds 10% of the current shares on issue, and the directors also wish to have discretion to place any shortfall, shareholder approval is instead required under NZX Listing Rule 4.2.1 (and NZX Listing Rules 4.3 and 4.4 do not apply to the offer).

If all 250 million shares were issued, Empire's maximum percentage holding of voting rights on conversion of all Notes would reduce from 46.922% to 40.576%.

The offer is expected to close on 17 December 2024 and new shares (including any shares issued in the shortfall) are expected to be issued on 23 December 2024.

Use of proceeds

The proceeds from the share purchase plan will be used to provide further growth capital for WasteCo.

Requirement for Resolution 2

NZX Listing Rule 4.2.1 provides for shareholder approval of an issue of equity securities (such as shares) by an ordinary resolution of shareholders. An ordinary resolution is a resolution passed by a majority of shareholders voting in person or by proxy.

There are no voting restrictions on resolution 2 under Listing Rule 6.3.1, since the Directors of the Company and their Associated Persons (as defined in the Listing Rules) are not eligible to participate in the SPP or to be allocated any SPP shortfall shares.

Consequences if resolutions 1 or 2 are not passed

If resolution 2 is not passed then WasteCo would not be able to issue shares under the share purchase plan and the Company would not be able to raise the additional capital sought. Resolution 2 is also subject to resolution 1 (the issue of \$15m of convertible notes) being approved by shareholders.

IMPORTANT INFORMATION

ATTENDING THE MEETING

Shareholders will be able to attend the Special Meeting in person in Christchurch.

If you are attending the Special Meeting, please bring the proxy form or your CSN/Holder number with you to help make registration quick and simple with the team at MUFG Pension & Market Services (previously known as Link Market Services).

VOTING

The only persons entitled to vote at the Special Meeting are registered shareholders (or their proxies or representatives) as at 5.00pm on Thursday 12 December 2024. Only the shares registered in those shareholders' names at that time may be voted at the Special Meeting.

Voting can be done in two ways: By attending the Special Meeting and submitting your vote; or by appointing a proxy to vote on your behalf at the Special Meeting.

PROXIES, CORPORATE REPRESENTATIVES AND POWER OF ATTORNEY

Any shareholder may appoint another person or persons as proxy to attend, and vote on their behalf at the Special Meeting. If a shareholder wishes to appoint a proxy to attend and vote in their place, that shareholder should complete the proxy form which is enclosed with this Notice or follow the instructions on the proxy form. Either of the joint holders of a share may sign the proxy form. A proxy does not have to be a shareholder in the Company.

The Chairman, the Directors and Chief Executive Officer offer themselves as proxy to shareholders and, if given discretion, will vote in favour of the Resolutions.

A proxy is able to vote on motions from the floor and/or any resolutions put before the meeting to amend the resolution stated in this notice.

A corporation that is a shareholder may appoint a representative to attend the Meeting on its behalf in the same manner as that which it could appoint a proxy. Corporate representatives should bring along to the Meeting evidence of their authority to act for the relevant corporation. Any person representing a shareholder(s) by virtue of a power of attorney must bring evidence of their authority to vote on behalf of the shareholder(s) and power of attorney.

Proxy forms and corporate representatives must be received by MUFG Pension & Market Services by 11am on Wednesday 11 December 2024 (being 48 hours before the commencement of the Special Meeting).

Proxy forms can be lodged by:

- Online lodgment at <https://investorcentre.linkgroup.nz/voting/WCO>
- Post to MUFG Corporate Markets, PO Box 91976, Auckland 1142, New Zealand
- Delivery in person to MUFG Pension & Market Services, Level 30, PwC Tower, 15 Customs Street West, Auckland 1010
- Email to meetings@linkmarketservices.com