

# Pushing for a waste free Australia

ANNUAL REPORT 2019

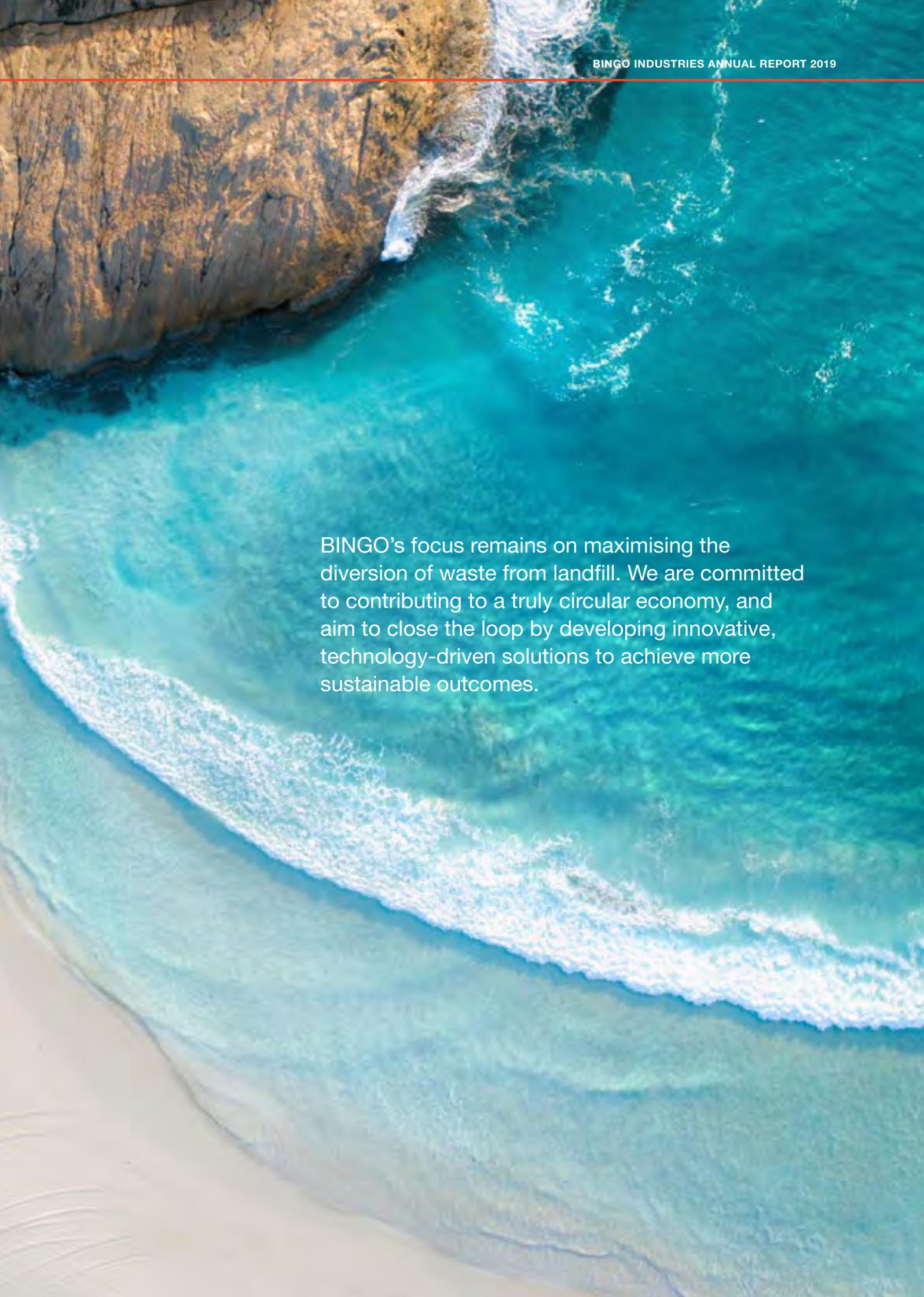
**BINGO**  
INDUSTRIES

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## **Acknowledgement of Country**

We acknowledge and pay our respects to Aboriginal and Torres Strait Islander Peoples as the First Peoples of Australia, on whose ancestral lands and waters we work and live.

BINGO pays respect to Elders past, present and emerging, and acknowledges the cultural authority of all Aboriginal and Torres Strait Islander Peoples across Australia and we acknowledge the important contributions of our Aboriginal and Torres Strait Islander employees.



BINGO's focus remains on maximising the diversion of waste from landfill. We are committed to contributing to a truly circular economy, and aim to close the loop by developing innovative, technology-driven solutions to achieve more sustainable outcomes.

# Strategic Network of Waste Infrastructure Assets

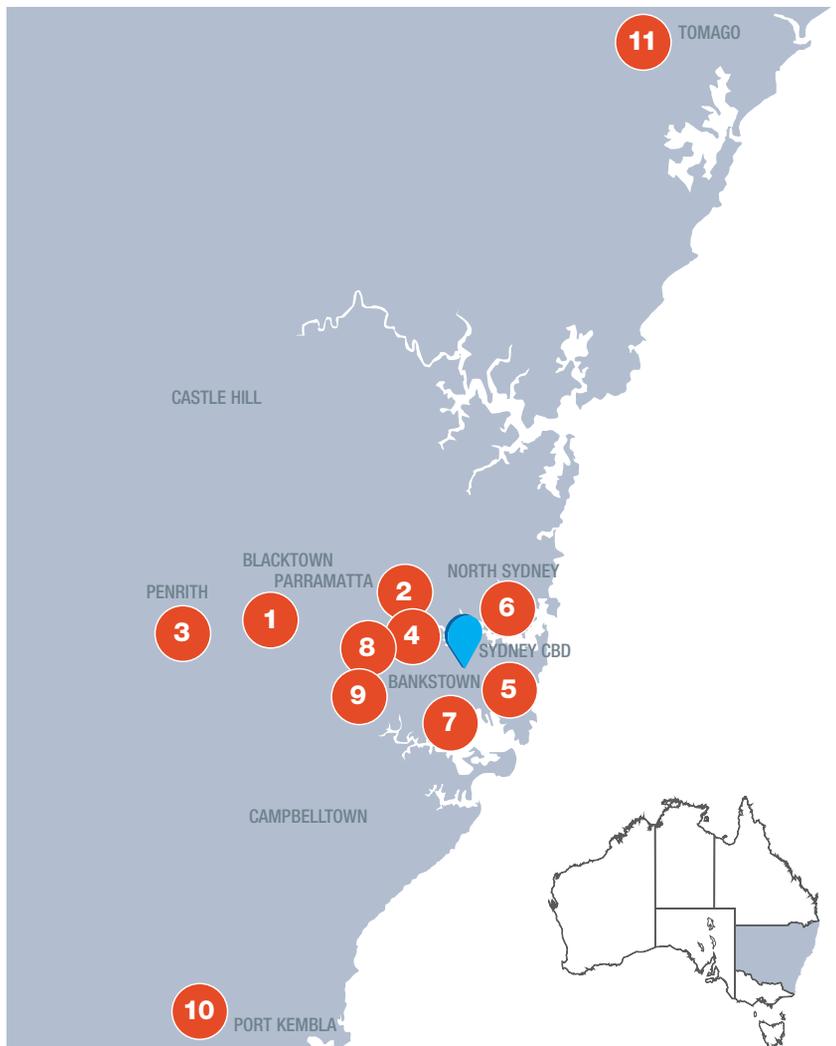
BINGO’s strategic network of waste infrastructure assets in key locations across Melbourne and Sydney is core to our five-year strategy

## New South Wales (NSW) Post-Collections Network

- 1. Eastern Creek 
- 2. Auburn 
- 3. Patons Lane 
- 4. Silverwater 
- 5. Alexandria
- 6. Artarmon
- 7. Mortdale
- 8. Greenacre 
- 9. Revesby
- 10. Kembla Grange
- 11. Tomago

### NETWORK CAPACITY

3.2 million tonnes per annum

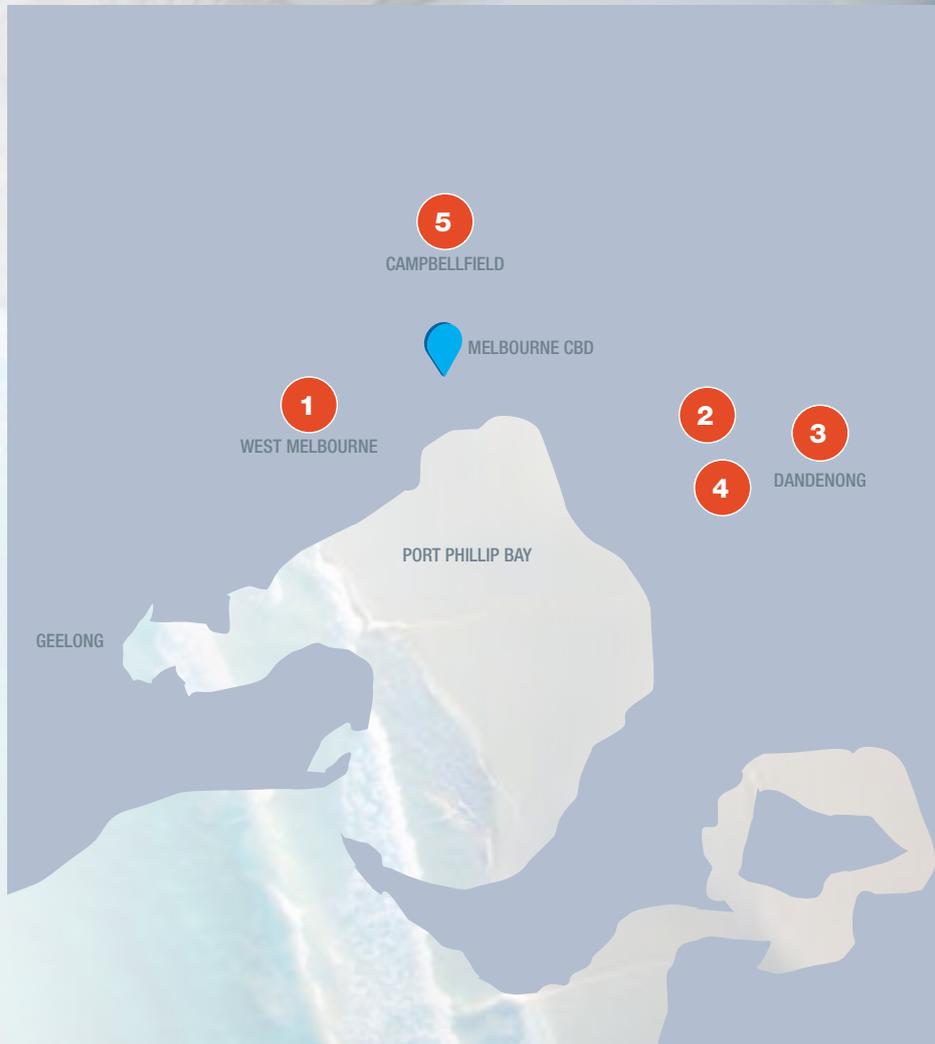


## Victoria (VIC) Post-Collections Network

- 1. West Melbourne   
- 2. Clayton South 
- 3. Dandenong 
- 4. Braeside 
- 5. Campbellfield 

### NETWORK CAPACITY

0.6 million tonnes per annum



# 2019 Highlights

BINGO has grown to be one of Australia's leading recycling and waste management companies, through a combination of organic growth and targeted strategic acquisitions.

⤴ **\$402.2m**

**NET REVENUE (\$m)**

FY17-FY19 CAGR 38.3%

\$303.8m  
FY18



**REVENUE BY SEGMENT (%)**



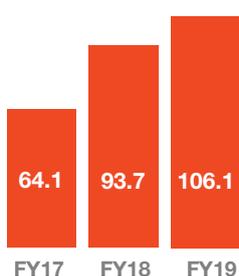
50% Post-Collections  
44% Collections  
6% Other

⤴ **\$106.1m**

**UNDERLYING EBITDA (\$m)**

FY17-FY19 CAGR 28.7%

\$93.7m  
FY18

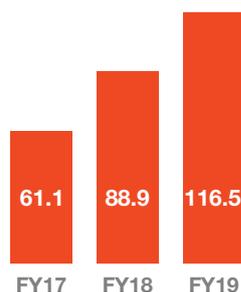


⤴ **\$116.5m**

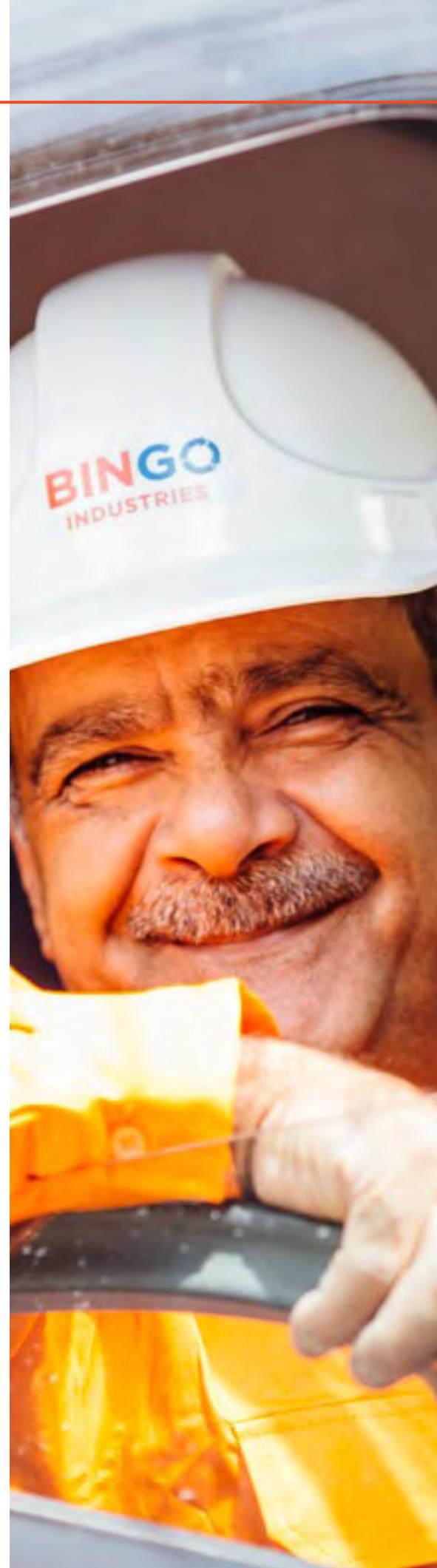
**OPERATING FREE CASH FLOW (\$m)**

FY17-FY19 CAGR 38.1%

\$88.9m  
FY18



\*All \$ values in this report refer to Australian Dollars (AUD).





**UNDERLYING EBITDA MARGIN**

26.4%

Down from 30.8% in FY18



**FY19 DIVIDEND**

3.7¢ per share

Flat year-on-year



**CASH CONVERSION**

109.8%

Up from 94.9% in FY18



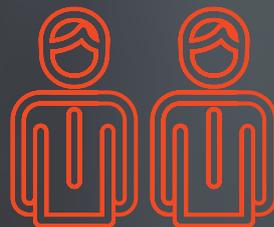
**FLEET OF TRUCKS**

255  
NSW

Up from 177 in FY18

94  
VIC

Up from 77 in FY18



**EMPLOYEES**

830  
NSW

Up from 655 in FY18

160  
VIC

Up from 133 in FY18



**NETWORK CAPACITY**

3.2 mtpa  
NSW

Up from 2.2mtpa in FY18

0.6 mtpa  
VIC

Total network capacity up from 2.2mtpa in FY18

# Our Strategy

## Strategic Intent

Diversion of waste from landfill, through a recycling-led solution, investment in technology and continuous innovation to enhance sustainability outcomes and maximise returns.

## Strategic Enablers



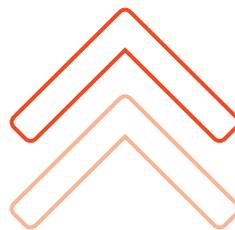
### Protect and Optimise the Core

#### ACHIEVED

- ✓ **Market leading position in B&D** collections and post-collections in both States
- ✓ **Double digit revenue growth in C&I** and organic entry in C&I in VIC
- ✓ **Enhanced network capacity**

#### FY20 Focus Areas

- **Superior SEQ performance** committed to Zero Harm and zero non-conformances
- **Preserve EBITDA margins** optimising network and reduced operating costs
- **Grow market share in C&I** across NSW and VIC and as a % of revenue
- **Increase recovery rates towards 80-85%** through investment in advanced recycling equipment
- **Business systems optimisation** deliver technology platform upgrades
- **Optimise digital customer channel** through website roll-out, improved user experience and call centre operations



### Enhanced Vertical Integration

#### ACHIEVED

- ✓ **Advanced recycling processing capacity** in NSW and VIC
- ✓ **Delivery of Patons Lane** recycling and landfill
- ✓ **100% internalisation** of non-putrescible volumes in NSW
- ✓ **Recovery rates of >75%** in NSW

#### FY20 Focus Areas

##### NSW

- **Integrate DADI business** in line with integration strategy
- **Deliver MPC2** at DADI Eastern Creek and Mortdale upgrades
- **Develop C&I post-collections offering** assess/scope suitable post-collections solutions for putrescible C&I waste i.e. waste to energy

##### VIC

- **Assess waste to energy opportunities in VIC** for BINGO's residual waste volumes enhancing diversion rates
- **Enhance recycling capacity** and internalisation in VIC



### Geographic Expansion

#### ACHIEVED

- ✓ **Expansion in NSW** and space to optimise business operations
- ✓ **Entry and expansion in VIC**
- ✓ **Market scoping for QLD entry**

#### FY20 Focus Areas

##### VIC

- **Enhance network and fleet utilisation** through optimisation of current footprint
- **Increase recovery rates** and waste internalisation
- **Diversification of markets;** grow C&I footprint; develop new and sustainable end product markets
- **Leverage national customer accounts** and target umbrella agreements

##### QLD

- **Target entry into QLD market** in FY21

## Strategic Priorities

|   |   |   |  |   |
|---|---|---|--|---|
|  |  |  |  |  |
| <b>Zero Harm</b>  | <b>Customer Experience</b>  | <b>Sustainability</b>   | <b>Growth and Innovation</b>   | <b>Develop and Retain Talent</b>  |
| Zero Harm to our people and the environment.                                      | Continuously improving our customer value proposition.                            | Earning our social licence to operate.  | Through operational best practice and industry leadership.                         | Invest in our people, growing future leaders.                                       |

## Our Values

Our strong culture is built on family values, The BINGO Way.

|  |   |  |
|--|---|--|
| <div data-bbox="150 1137 193 1178"><b>B</b></div> <div data-bbox="210 1137 448 1346"></div> <div data-bbox="159 1375 284 1489"><b>Be loyal</b></div> <div data-bbox="159 1503 493 1659">We are trustworthy and loyal. We have respect for ourselves, our co-workers, our Company and most importantly all of our clients.</div> | <div data-bbox="601 1137 644 1178"><b>I</b></div> <div data-bbox="671 1137 895 1352"></div> <div data-bbox="609 1375 802 1485"><b>Inside the law</b></div> <div data-bbox="609 1503 957 1659">We work honestly, ethically and fairly. We abide by all BINGO policies and procedures to protect our safety and the safety of others in our workplace.</div> | <div data-bbox="1053 1137 1096 1178"><b>N</b></div> <div data-bbox="1139 1146 1342 1339"></div> <div data-bbox="1061 1375 1324 1489"><b>Never say never</b></div> <div data-bbox="1061 1503 1394 1659">We believe that there are only solutions, never problems. We strive to learn and grow so that we can better serve our customers.</div> |
| <div data-bbox="150 1738 193 1778"><b>G</b></div> <div data-bbox="159 1800 308 1980"></div> <div data-bbox="338 1877 611 1984"><b>Greatness is earned</b></div> <div data-bbox="159 2002 691 2065">We aim to be great, not good. We adopt the best ideas and make them happen.</div>  | <div data-bbox="823 1738 866 1778"><b>O</b></div> <div data-bbox="828 1800 1011 1980"></div> <div data-bbox="1043 1877 1331 1989"><b>One team, One family</b></div> <div data-bbox="823 2002 1347 2096">We are a Company built on family values. We know that talent wins games, but teamwork and intelligence win championships.</div>                   |  |

# FROM THIS

BINGO diverts waste from landfill by sorting and processing mixed waste received from customers to be re-used and recycled.





Through investing in recycling and resource management infrastructure, BINGO assists customers, governments and communities to move towards a truly circular economy by closing the resources loop.

TO  
THIS









# FROM THIS

Every material has the potential for a second life.

BINGO takes recovered brick and concrete and transforms the material into high quality sustainable recycled road aggregate used as gravel and road base in construction.

BINGO's recycled road base used in civil and infrastructure projects contributed approximately \$4 million in revenue in FY19.

**\$13.4m**

**Recycled Product Revenue**



**Recycled Product Revenue \$13.4m**  
**Post-Collections Revenue \$243.8m**

**FY17-FY19 CAGR 42%**

**Post-Collections Revenue (\$m)**



**TO THIS**



# Segment Report

## Segment Overview

BINGO is a listed recycling and waste management company with operations across NSW and VIC, Australia's strongest economic states. BINGO provides end-to-end solutions across the resource recovery supply chain including: collections, processing and recovery, manufacturing and (when needed) disposal.

### Collections



BINGO's collections business is carried out through its two business divisions BINGO Bins and BINGO Commercial. BINGO Bins focuses on the collection of non-putrescible Building and Demolition (B&D) waste from a wide range of construction sites, civil and infrastructure projects and households. BINGO Commercial focuses on the collection of Commercial and Industrial (C&I) waste from customers across a range of sectors including commercial office, hospitality, education, retail and manufacturing.

### Post-Collections



BINGO provides post-collections services across its network of fully integrated transfer stations, recycling facilities, disposal assets and recycled product manufacturing capabilities. BINGO diverts waste from landfill by sorting and processing mixed waste to be reused, recycled or sent to other facilities.

### Other



BINGO's remaining business activities include the manufacture and sale of steel and plastic bins through BINGO's wholly owned subsidiary, TORO Waste Equipment, for both BINGO's collections operations and for external customers. TORO services the waste management, mining, construction and private industries.





# Segment Report

## Post-Collections

**BINGO's Post-Collections business consists of a network of waste infrastructure assets including transfer stations, advanced recycling facilities and disposal assets across NSW and VIC.**

BINGO diverts waste from landfill by sorting and processing mixed waste received from customers to be reused, recycled or reprocessed into recycled products under our ECO Product brand. During the year, BINGO acquired Dial a Dump which provided two strategic post-collections assets in Eastern Creek and Alexandria.

### FY19 performance

Post-Collections is the largest contributor by revenue and EBITDA. Post-Collections revenue increased by 41.2% to \$243.8 million and Underlying EBITDA increased by 37.9% to \$67.2 million. Higher barriers to entry in Post-Collections has helped insulate the EBITDA margin. The EBITDA margin has largely been maintained year-on-year despite absorbing increased costs for the whole of FY19 including tipping and transport costs associated with sites being offline and higher compliance costs. Post-Collections represented 63% of FY19 EBITDA, and going forward we expect this to continue to increase as we move to a more defensive waste infrastructure business.

BINGO's first recycling centre in VIC, West Melbourne, opened in April 2019. This facility will enhance internalisation of volumes and recovery rates and is expected to improve EBITDA margins. Our total network capacity as at 30 June 2019, including contribution from the acquisition of Dial a Dump, increased from 2.2 million tonnes per annum in FY18 to 3.8 million tonnes per annum in FY19.

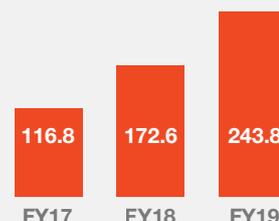
### Outlook and strategic focus

BINGO has invested heavily in its strategic network of post-collections facilities across NSW and VIC. This investment has positioned the Company for future growth, by having the ability to internalise and process greater waste volumes and achieve resource recovery rates in excess of 75%.

During the year, BINGO announced its NSW network reconfiguration plans as part of the Dial a Dump integration. The reconfiguration involves rationalising some sites and converting other BINGO facilities into transfer stations to attract and aggregate waste volume for processing at BINGO's integrated recycling assets. BINGO's network reconfiguration is expected to enhance operational efficiencies for transport and reduce the operating costs of the network. Patons Lane came online in July 2019, which added a further 450,000 tonnes of landfill and recycling capacity to the network in NSW.

The strategic focus over the next 12 months in NSW is to optimise the network of existing facilities, completing the announced network reconfiguration plan and constructing Materials Processing Centre (MPC) 2 at Eastern Creek which will increase recycling capacity within the network. In VIC the post-collections strategy is centred on increasing recovery rates and internalisation of waste volumes to enhance margin growth.

### Revenue (\$m)



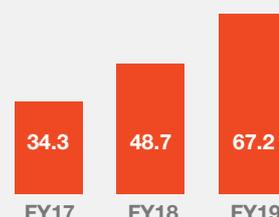
### Revenue

**\$243.8m**

### FY17-FY19 CAGR

**44.5%**

### Underlying EBITDA (\$m)



### FY17-FY19 CAGR

**40.0%**

### FY19 Underlying EBITDA margin

**27.6%**

| \$M               | FY18  | FY19         | GROWTH   |
|-------------------|-------|--------------|----------|
| Revenue           | 172.6 | <b>243.8</b> | 41.3%    |
| Underlying EBITDA | 48.7  | <b>67.2</b>  | 37.9%    |
| EBITDA margin (%) | 28.2% | <b>27.6%</b> | (60 bps) |



# Segment Report Post-Collections

continued

**The acquisition of Dial a Dump is not only transformational for BINGO, but also for recycling in the Greater Sydney region.**

BINGO received Australian Competition and Consumer Commission (ACCC) approval for the acquisition of Dial a Dump on 28 February 2019, subject to an undertaking to divest our Banksmeadow facility. The acquisition of Dial a Dump formally completed in March 2019. Dial a Dump is a fully integrated recycling and waste management company in Greater Sydney, with operations across the waste value chain from collections, to recycling, landfill and recycled product sales. Dial a Dump provides complementary strategic assets at Alexandria and a master asset at Eastern Creek. This provides us with a fully vertically integrated network in NSW for non-putrescible waste and also provides BINGO with a platform to diversify into new markets and pursue growth in the Commercial and Industrial (C&I) sector.

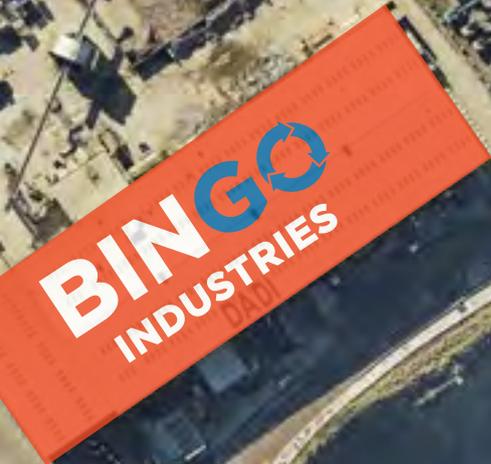
The integration of Dial a Dump is well underway and is expected to complete in FY20. The acquisition is expected to deliver \$15 million of annualised cost synergies from internalisation, operational efficiencies and overheads over two years, with further potential revenue synergies to be realised.

## Outlook and strategic focus

Over the next 12 months the focus will be on integrating the Dial a Dump business to ensure we extract the synergy benefits and leverage efficiencies that the Dial a Dump platform creates. Eastern Creek planning approval modifications continue to progress, and include an increase to the annual landfill capacity limit and modifications to operating hours.

BINGO is well positioned to support the development of a circular economy in Australia and has plans to develop a Recycling Ecology Park at Eastern Creek. The Recycling Ecology Park, once complete, will considerably broaden our range of processed end products as we steward change within the waste industry towards a circular economy. By seeking alternative waste solutions, we can enhance recovery rates, consistent with BINGO's strategic intent of diverting waste from landfill through recycling-led solutions. During the year BINGO commenced the masterplan for the development of the Recycling Ecology Park and started construction of Materials Processing Centre (MPC) 2, which is expected to be operational in FY21.





#### CASE STUDY

### Recycling Ecology Park

Fully integrated waste infrastructure site accepting and processing all waste streams.

Alternative waste solutions to enhance recovery rates and increase diversion of waste from landfill.

100% renewable energy development of a sustainable energy network comprised of solar PV rooftop systems, batteries and landfill gas-fired power generation to meet the site's electricity requirements.

Recycled Product manufacturing including timber shredding, organics processing, brick and concrete crushing and scrap steel recycling.

# Segment Report

## Other

**Other includes the manufacture and sale of bins for both BINGO's collections operations and for external customers through TORO, as well as unallocated corporate costs.**

TORO is an important contributor to BINGO's ability to provide high service levels by ensuring that BINGO has a sufficient supply of waste equipment to meet the Company's standards of quality, reliable service and growth objectives. TORO has three manufacturing facilities located in NSW, VIC and QLD.

### FY19 performance

Other revenue and other income increased to \$31.1 million, a 12.2% increase against the prior comparative period. TORO continues to perform strongly with revenue up 11% and EBITDA up 48% year-on-year. External revenue and other income from customers represented 56% of TORO's FY19 revenue. TORO sold 20,644 bins in FY19. Although total units sold were similar to FY18 (20,580), there was strong growth in higher value, higher margin units. Other Underlying EBITDA decreased from \$3.3 million in FY18 to \$0.5 million in FY19, primarily driven by higher insurance costs, no earnings from equipment rental, an increase in public company and corporate costs and the implementation of the long-term incentive program.

### Outlook and strategic focus

TORO sales in FY20 are expected to benefit from the rebranding and refurbishment of bins associated with the Dial a Dump integration. TORO will also benefit from BINGO's enhanced vertical integration and further geographic expansion going forward. TORO continues to target expansion into mechanical waste equipment as an area for future growth and diversification supporting BINGO's five-year strategy to achieve 40% Collections revenue contribution from the Commercial and Industrial (C&I) business. Increasing waste volumes in the market, underpinned by favourable economic drivers, provides TORO with a significant opportunity for future organic growth servicing both BINGO and external customers.

### Revenue (\$m)



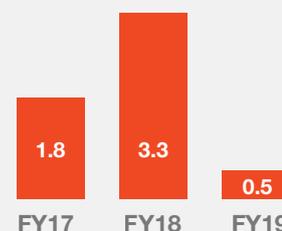
### Revenue

**\$31.1m**

### FY17-FY19 CAGR

**27.3%**

### Underlying EBITDA (\$m)



### FY17-FY19 CAGR

**(45.8%)**

### FY19 Underlying EBITDA margin

**1.6%**

| \$M               | FY18  | FY19 | GROWTH      |
|-------------------|-------|------|-------------|
| Revenue           | 27.7  | 31.1 | 12.2%       |
| Underlying EBITDA | 3.3   | 0.5  | (85.1%)     |
| EBITDA margin (%) | 11.9% | 1.6% | (1,030 bps) |



# FROM THIS

Recycled timber as a construction product has been important in both raising industry and consumer awareness towards deforestation and promoting timber mills to adopt more environmentally friendly practices. In FY19, BINGO recovered 19,600 tonnes of timber.





During the year BINGO sold approximately 6,800 of recycled mulch and wood chips, contributing over \$200,000 in revenue in FY19.

TO  
THIS



Independently verified average recovery rate of

**77%**

Flat year-on-year

**188,297**

**tCO<sub>2</sub>-e abated emissions**

from resource recovery

Up from 85,478 tCO<sub>2</sub>-e

**80%**

FY19 Engagement Score

Up from 70% in FY18



**360kW**  
**OF SOLAR POWER**

installed at our Auburn and Mortdale recycling facilities

Up from 0 in FY18



Best annual recovery rate of

**85%**

**AT THE EASTERN CREEK RECYCLING FACILITY**



BINGO's waste education program reached

**1,688**

**STUDENTS IN FY19**

Up from 1,141 students in FY18



**19%**

**FEMALE REPRESENTATION ACROSS SENIOR MANAGEMENT**

Flat year-on-year



In FY19 BINGO launched its

**INAUGURAL RECONCILIATION ACTION PLAN (RAP)**



Supply chain mapping and audit underway

**SUPPLIER CODE OF CONDUCT UNDER DEVELOPMENT**

Sustainability Report

# Responding to the challenges facing our industry

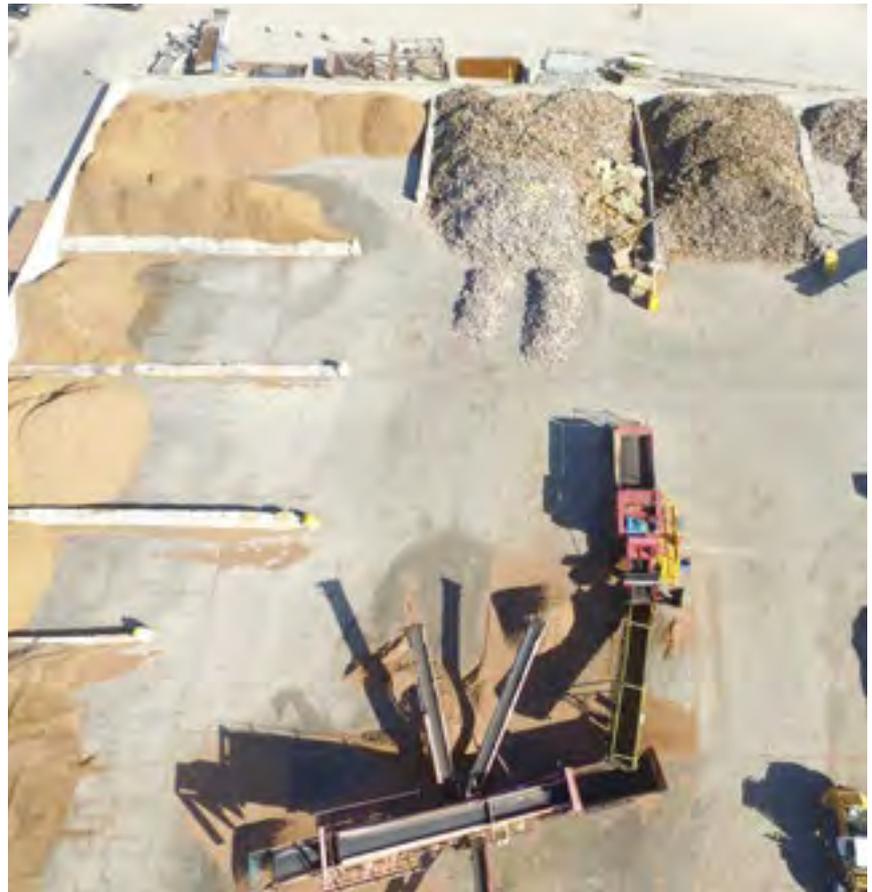


Australia's waste industry has seen significant change in recent years, and a series of factors has led waste and recycling to become one of Australia's most prominent social issues.

**The release of Australia's updated National Waste Policy, the development of multiple State-based waste and circular economy policies, China's import restrictions on recyclables and the reintroduction of a waste levy in QLD, have combined to produce a material shift in the regulatory landscape. Together with greater media scrutiny highlighting Australia's waste crisis, these factors have elevated waste as an important strategic and material risk for organisations, governments and the general public.**

BINGO's growth has mirrored the increased importance of waste as a social issue, and positioned the Company as a key player in the Australian waste and resource recovery industry. The challenges facing our industry provide opportunities for BINGO to help shape and improve the landscape in Australia for future generations. By making changes today, we are working to mitigate future risks, uncover opportunities and be stewards for sustainable growth.

We aim to be an Industry thought leader by taking public positions on key issues impacting the industry, and engaging with the relevant stakeholders – particularly governments and their regulatory agencies – to help facilitate change, raise standards and ultimately optimise sustainability across the industry. At all times, BINGO's focus remains on maximising the diversion of waste from landfill.



### Creating a level playing field

Over the past two years, BINGO has made significant investment in the development of advanced recycling facilities to help improve resource recovery rates and ensure the Company adheres to all relevant industry regulations. We intend to continue investing in such facilities, but our investment must be supported by regulatory enforcement. For example, we have invested significant capital – including the installation of thermal cameras – to ensure our new West Melbourne Recycling Facility adheres to the new VIC fire protection

regulations. If non-compliant operators are able to continue operating without adhering to these regulations, it places compliant operators such as BINGO at a distinct disadvantage and potentially discourages further investment.

Establishing minimum operating standards across the industry, supported by a corresponding enforcement of these standards, will help level the playing field for all industry participants and ensure that State governments' recovery rates are achieved.



### The role of waste to energy in the waste hierarchy

BINGO believes waste to energy has an important role to play in Australia's move to a circular economy. There will always be residual waste that cannot be recovered and currently the only viable option for this residual material is to send it to landfill.

Australia currently sends approximately 60% of its waste to landfill. In order to achieve the 100% diversion rates now achieved by a number of European

countries – including Germany, Switzerland and Sweden – waste to energy must be considered as part of the mix, and government policy must reflect this.

The benefits of waste to energy include: a net reduction in greenhouse gases; increased resource savings, improved diversion from landfill; reduced transport of waste; and power generation from residual waste.

There is a range of proven waste to energy technologies available that could be used for different waste

streams, and it would be inappropriate for governments to mandate a single technology. Providing stringent emissions standards are met, environmental and safety requirements are achieved, and the process does not cannibalise recycling activities, governments should remain technology-agnostic.

Waste to energy can play an important role in resource recovery. It provides an opportunity to extract value from residual waste, thereby increasing our resource recovery rates and diverting up to 90% of waste from landfill.

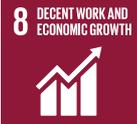


**BINGO has a crucial role to play in Australia's move to a circular economy. Our goal is to support governments, communities and businesses in achieving this through providing innovative recycling and resource recovery solutions.**



## Long-term commitments

### PRIMARY

|  |  |  |  |
|--|--|--|--|
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> |  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> |  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> |  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> |
|--|--|--|--|

## Responding to climate change

BINGO is committed to further exploring climate risks and opportunities and will align our future approach to the Task Force on Climate-related Financial Disclosure

|  |   |
|--|---|
|  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> |  <p>13 CLIMATE ACTION</p> |
|--|---|

## Driving towards a circular economy

BINGO is committed to enhancing diversion of waste from landfill through investment in recycling infrastructure and innovation

|   |   |  |  |  |
|---|---|--|--|--|
|  <p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p> |  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> |  <p>14 LIFE BELOW WATER</p> |  <p>15 LIFE ON LAND</p> |  <p>17 PARTNERSHIPS FOR THE GOALS</p> |
|---|---|--|--|--|

## Creating a safe environment

BINGO is committed to being relentless in our pursuit of Zero Harm for our people

|   |
|---|
|  <p>3 GOOD HEALTH AND WELL-BEING</p> |
|---|

## Becoming energy self-sufficient

BINGO is committed to optimising the use of solar energy at its network of recycling facilities and assessing alternative fleet fuel solutions

|  |   |
|--|---|
|  <p>7 AFFORDABLE AND CLEAN ENERGY</p> |  <p>13 CLIMATE ACTION</p> |
|--|---|

## A culture that values and leverages diversity

BINGO is committed to achieving a long-term target of 30% female representation on our Board

|  |   |
|--|---|
|  <p>5 GENDER EQUALITY</p> |  <p>10 REDUCED INEQUALITIES</p> |
|--|---|

Sustainability Report

# Environment

As a rapidly growing business in the Australian waste management sector, we are aware of the responsibility we have, to not only manage our environmental impacts, but to also set an example and encourage best-practice throughout the industry. Environmental sustainability is central to the health of both our planet and our community; our activities today impact current and future generations.



## Sustainability targets – scorecard for FY19

### Environmental performance

ALIGNMENT TO SDGs

FY19-20 TARGET

**FY19 PROGRESS**



Achieve independent accreditations for management systems and transparency of our facilities

All existing BINGO post-collections facilities operate in accordance with our ISO certified management systems. Recently acquired sites as part of the DADI acquisition to be included within the October ISO audit.

### Leading practice environmental management

ALIGNMENT TO SDGs

FY19-20 TARGET

**FY19 PROGRESS**



Target an average recovery rate of >75% and continue to independently verify recovery rates for upgraded facilities with advanced recycling equipment

Recovery rates were independently verified for the third consecutive year achieving an average recovery rate of 77% across facilities with advanced recycling equipment.

### Energy and GHG emissions

ALIGNMENT TO SDGs

FY19-20 TARGET

**FY19 PROGRESS**



Commitment to installing solar panels on nine of our recycling facilities in NSW and VIC

Solar panels were installed at Mortdale and Auburn in FY19. Solar panels will be installed at Patons Lane in FY20.

Maintain Euro V or equivalent compliance of BINGO-owned fleet

BINGO-owned fleet fully Euro V compliant.

### Climate risk

ALIGNMENT TO SDGs

FY19-20 TARGET

**FY19 PROGRESS**



BINGO is committed to assessing and scoping our climate impacts and further exploring climate-related risks and opportunities

BINGO has made a start on aligning our approach to climate change disclosure in accordance with the TCFD framework.





#### CASE STUDY

### Raising the standards across VIC's waste industry: BINGO's West Melbourne Recycling Facility

As part of our long-term sustainability goals, BINGO has committed to investing in recycling infrastructure to increase resource recovery rates. Our upgraded West Melbourne Recycling Facility formally opened in April 2019, providing much-needed recycling capacity for building and demolition waste in VIC. Our work on the redevelopment of this site is an example of our ability to transform previously poorly-managed post collections assets into state-of-the-art recycling facilities.

Over \$30 million was invested in upgrading the previously sub-standard recycling plant, operating with poor resource recovery rates. Now, the West Melbourne Recycling Facility is achieving recovery rates of over 75%, diverting roughly 200,000 tonnes of waste from landfill each year.

The West Melbourne Recycling Facility is BINGO's first VIC site to begin producing recycled products. Its state-of-the-art advanced recycling equipment is enabling BINGO to deliver a superior recycled end-product, producing over 200 tonnes of soil and 200 tonnes of aggregate per day. The success of the new plant's recovery capabilities will allow the team to make improvements to expand the recovery of other materials such as engineered timber and plasterboard.

During the development of the site BINGO worked closely with regulators to ensure the site exceeded their standards on safety, fire protection and environmental compliance. Upgrades to the facility include a cutting-edge resource recovery plant, new weighbridge, safety and structural improvements and upgrades to the electrical and fire protection systems, including thermal camera technology.

Other improvements in site operations since relaunch include safety – recording no Lost-Time Injuries (LTIs) since relaunching – and an improvement in wait times. Fine-tuning of the plant and operations will continue with a focus on further improving wait times and output quality.

### Regulatory Environment: Compliance costs and liabilities

Waste management activities are subject to stringent environmental regulation. Over the last 24 months, waste regulation and the associated cost of compliance has increased significantly off the back of challenges facing the industry. The introduction in China of contamination thresholds on imports of recycled materials has contributed to a waste crisis for kerbside comingled materials, including plastic. Without the necessary recycling infrastructure in place, stockpiling of material has been prevalent at facilities across Australia. These stockpiles have caused a number of high profile fires at facilities across VIC. To address this issue, the VIC Government established the Resource Recovery Facilities Audit Taskforce to inspect resource recovery facilities across the States and tackle stockpiles that might pose a fire risk and potentially harm human health and the environment. The Taskforce comprises the Metropolitan Fire Brigade (MFB), Country Fire Authority (CFA), Emergency

Management VIC (EMV), WorkSafe VIC and the Department of Environment, Land, Water and Planning (DELWP). New guidelines on the management of combustible waste and recycling materials were published in October 2018. The guidelines represent a significant increase in requirements for the development of new recycling facilities. In the redevelopment of BINGO's West Melbourne Recycling Facility, upgrades for compliance with new fire regulations added a further \$1 million in capital costs.

In May 2019, the NSW Environment Protection Authority introduced new minimum standards for managing construction waste in NSW. The standards aim to minimise the risk of harm to human health and the environment from asbestos and other contaminants found in construction waste. BINGO has invested to upgrade existing sites in NSW to comply with the new minimum standards. By making the necessary investments we have the opportunity to capture sustainable growth and proactively manage our risks.





BINGO'S PATONS LANE RECYCLING FACILITY FROM THIS



TO THIS

CASE STUDY

## Sustainable construction of critical infrastructure to support the Circular Economy

BINGO acquired Patons Lane in Orchard Hills, Sydney as a greenfield recycling and landfill asset in January 2018. The redeveloped site opened in July 2019. Patons Lane is an important waste processing, recycling and landfill solution for residual waste located in the Western Sydney growth area. BINGO has invested over \$40 million in the development of the site which will divert more than 250,000 tonnes of waste from landfill each year.

BINGO used approximately 20,000 tonnes of recycled road base from Dial a Dump in the construction of the internal roads. Over 400 megalitres of water, the equivalent of 160 Olympic-sized swimming pools, was pumped out of the landfill cell void with zero discharge non-compliances; and approximately 100,000 native trees and shrubs have been planted throughout the site. We are proud to have achieved zero lost time injuries over 60,000 hours worked across all major contractors.

The site has been designed to embody industry-leading sustainability and environmental controls for continuous monitoring of air and noise quality together with site infrastructure for recycled water usage. Recycling is water intensive, and we are committed to doing everything we can to responsibly manage our water usage. We have installed a 50,000 litre rainwater tank at the recycling centre, together with a network of dams to capture and control surface water prior to discharge. Our Eco Wheel Wash includes a solar powered pump system and recycled water from on-site sewerage treatment systems. Solar Photovoltaic (PV) will be installed to the recycling centre over the next 12 months to provide renewable energy to the site.

CASE STUDY

## The launch of BINGO's ECO Product

Through our acquisition of Dial a Dump, BINGO's processing and recycled product manufacturing presence has increased to represent approximately ~4% of the Group's total FY19 revenue. Through our ongoing investment in the latest processing and recycling technology, BINGO manufactures a range of landscaping and building products from recovered construction and demolition waste. Our high quality recycled materials, which include aggregate, sand and road base and a range of mulches, provide a sustainable alternative to virgin materials, helping companies and governments close the loop. During the year we launched our new brand for the recycled products business, ECO Product, to promote awareness and stewardship for our recycled product.

BINGO offers a wide range of recycled products including:

Aggregate



Sand and Road Base



Mulch





## CASE STUDY

**The Infrastructure Sustainability Council of Australia (ISCA)**

*“Our involvement in ISCA provides us with the opportunity to collaborate with infrastructure stakeholders to divert waste from landfill. Together, we can achieve a material flow which returns as much as possible back into the building life cycle.” Managing Director and Chief Executive Officer, Daniel Tartak*

The Infrastructure Sustainability Council of Australia (ISCA) is a member-based not-for-profit body operating in Australia and New Zealand with the purpose of promoting sustainability outcomes across the infrastructure life cycle. ISCA has over 140 members which include government, local councils, large diversified construction companies and engineering and development companies. ISCA maintains the IS Rating Scheme (IS) which is the only comprehensive rating system in Australia and New Zealand for evaluating sustainability across the planning, design, construction and operational phases of infrastructure programs, projects, networks and assets.

BINGO is proud to be the only recycling and waste management service provider on ISCA’s ISupply platform. The ISupply platform links products and services to IS credits, assisting infrastructure delivery agencies in achieving their IS ratings.

## CASE STUDY

**Planet Ark – “Recycling Near You” website**

Proud Partner of



Planet Ark is an Australian not-for-profit organisation, founded in 1992. As a Proud Partner of Planet Ark, BINGO has provided support for a number of its initiatives that help contribute to a circular economy.

BINGO is proud to be the Major Sponsor of Planet Ark’s Recycling Near You website. The website provides Australians with information on what can be recycled in household recycling services and where the nearest drop-off locations are to recycle a wide range of items including construction and demolition materials. The website is the largest recycling information service in the country with over 3.7 million page views per year.

BINGO is also a Major Sponsor of Planet Ark’s National Recycling Week, which brings a national focus to the environmental benefits of recycling. The campaign promotes kerbside, industrial and community recycling initiatives and gives people the tools to minimise waste and manage material resources responsibility at home, work and school. In 2018, 276,000 Australians were involved in the campaign.



- **Scope 1:** Fuel consumption from BINGO's truck fleet, in addition to plant and equipment used across BINGO's operations.
- **Scope 2:** Electricity consumption from BINGO sites, including recycling facilities, office buildings and bin manufacturing sites.
- **Scope 3:** Indirect emissions from production and supply of electricity and fuel including contractor fuel. Contractors conducting activities not under our operational control that BINGO would otherwise undertake. Estimated emissions for waste diverted to third parties assuming sent on to landfill. Avoided landfill emissions from recovered material sent for re-use/recycling.

BINGO's largest source of GHG emissions is our Scope 3 emissions from residual waste from our recycling centres sent to landfill. The growth in the emissions profile reflects the growth in BINGO's operating footprint over the last three years together with the change in mix of operating assets to include one inert landfill. We expect our carbon footprint to grow in the coming

years with the inclusion of the Patons Lane and Eastern Creek landfills together with growth in the underlying business as we continue to expand along the East Coast of Australia.

A significant achievement for BINGO in FY19 was the substantial increase in the level of abated emissions from the recovery of materials. In FY19 we abated 188,297 tCO<sub>2</sub>-e, up from 85,478 tCO<sub>2</sub>-e in FY18. BINGO has two significant sources of abated, or avoided, emissions including:

1. Avoided or abated emissions from diverting organic material from landfill (~24%).
2. Lowered embodied energy of manufacturing of construction products from recycled materials sorted at BINGO facilities, compared to if the products were manufactured using virgin materials (~76%).

GHG emissions from BINGO's operations in FY19 represented approximately 2.50% of Australia's total waste-sector GHG emissions, and 0.056% of Australia's total annual GHG emissions.

### FY19 Emissions Results (tCO<sub>2</sub>-e)

|                            | ELECTRICITY<br>(KWH) | ONSITE<br>FUEL<br>(L) | FLEET<br>FUEL<br>(L) | LANDFILL<br>(T) | OTHER (LPG,<br>ACETYLENE<br>AND OILS) | CONTRACTOR<br>FUEL<br>(L) | TOTAL<br>(tCO <sub>2</sub> -e) |
|----------------------------|----------------------|-----------------------|----------------------|-----------------|---------------------------------------|---------------------------|--------------------------------|
| Scope 1                    | –                    | 11,738                | 17,644               | 50,975          | 79                                    | –                         | 80,436                         |
| Scope 2                    | 5,585                | –                     | –                    | –               | –                                     | –                         | 5,585                          |
| Scope 3                    | 289                  | 602                   | 901                  | 213,050         | 19                                    | 604                       | 215,465                        |
| <b>TOTAL</b>               | <b>5,874</b>         | <b>12,340</b>         | <b>18,545</b>        | <b>264.025</b>  | <b>98</b>                             | <b>604</b>                | <b>301,486</b>                 |
| Energy<br>Consumption (GJ) | 23,973               | 167,228               | 250,267              | –               | 5,223                                 | n.a.                      | 446,691                        |

Note: For the purpose of reporting our FY19 emissions profile we have included a 12-month contribution of the Dial a Dump business.

### Emissions performance over the last three years (tCO<sub>2</sub>-e)

|   | FY19           | FY18           | FY17 <sup>1</sup> |
|---|----------------|----------------|-------------------|
| Total Scope 1                             | 80,436         | 21,830         | 6,444             |
| Total Scope 2                             | 5,585          | 2,544          | 1,351             |
| Total Scope 3                             | 215,465        | 131,976        | 677               |
| <b>TOTAL</b>                              | <b>301,486</b> | <b>156,350</b> | <b>8,473</b>      |
| Abated emissions from recovery operations | 188,297        | 85,478         | 11,867            |

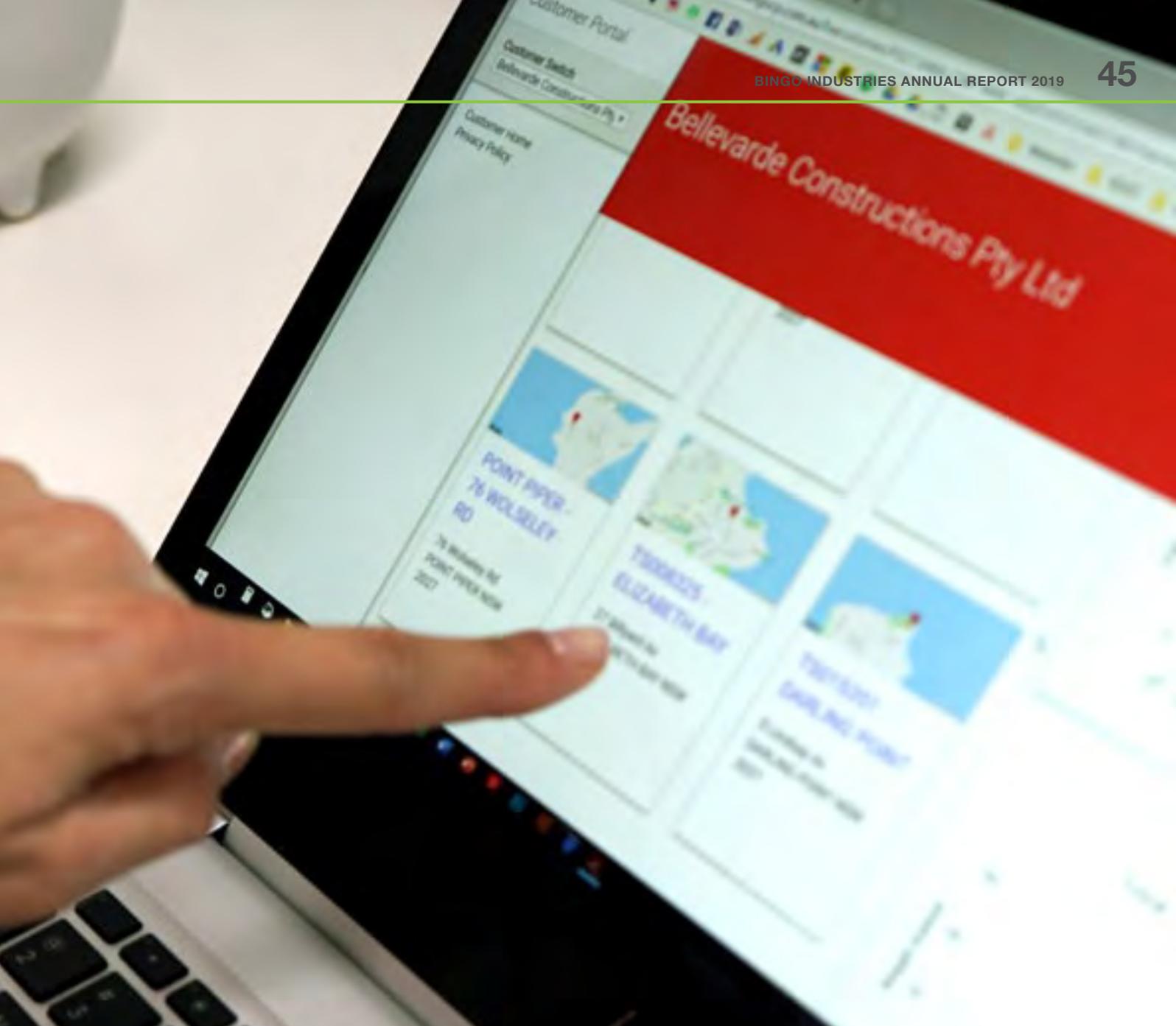
1. FY17 was the baseline assessment of BINGO's carbon footprint which did not include Scope 3 emissions associated with the disposal of residual waste.

## Sustainability Report

## Environment

**CASE STUDY****Energy Efficiency**

Reducing our carbon footprint means managing our operational impact across all areas. With a growing fleet of trucks on roads throughout NSW and VIC, we know it is important for us to keep our trucks running as efficiently as possible. BINGO works directly with our vehicle manufacturers to install the most up-to-date technology available and monitor fuel consumption. Additionally, our BINGO Live platform has been designed to optimise travel times and route density of our waste collection vehicles – providing the dual benefit of enhanced customer service with optimised loads and better fuel efficiency. BINGO's waste collection vehicles represent approximately 60% of total fuel consumption and approximately 6% of total emissions for FY19. We continue to look at opportunities to reduce our fuel consumption through the use of electric vehicles and alternative fuels, including waste to fuels technology. A working group has been established during the year to investigate and progress these opportunities.

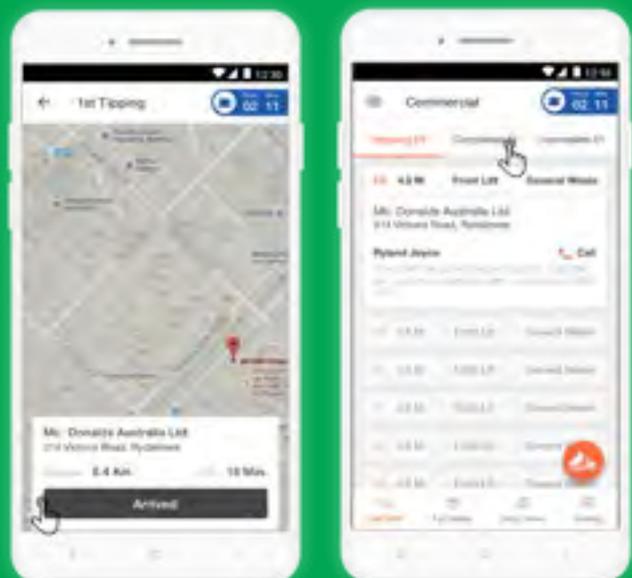


#### CASE STUDY

### BINGO Live helps manage customers' environmental impacts

We are committed to providing superior customer service and giving our customers an innovative and seamless experience. Our technology, operational expertise and innovative approach are key differentiators in our customer value proposition. Our online tracking system and customer portal, BINGO Live, enables us to track all our vehicles, bins, waste types and their destinations.

The advanced IT system also provides customers with accurate weight-based reporting which is accessible through the BINGO Live portal. The real-time self-service portal incorporates integrated live data and promotes paperless operations. The superior level of transparency through the system supports better tracking and understanding of waste generation, in turn enabling our customers to implement better waste management strategies, such as segregation at source.







## Sustainability Report

# Environment

### Aligning to the TCFD recommendations

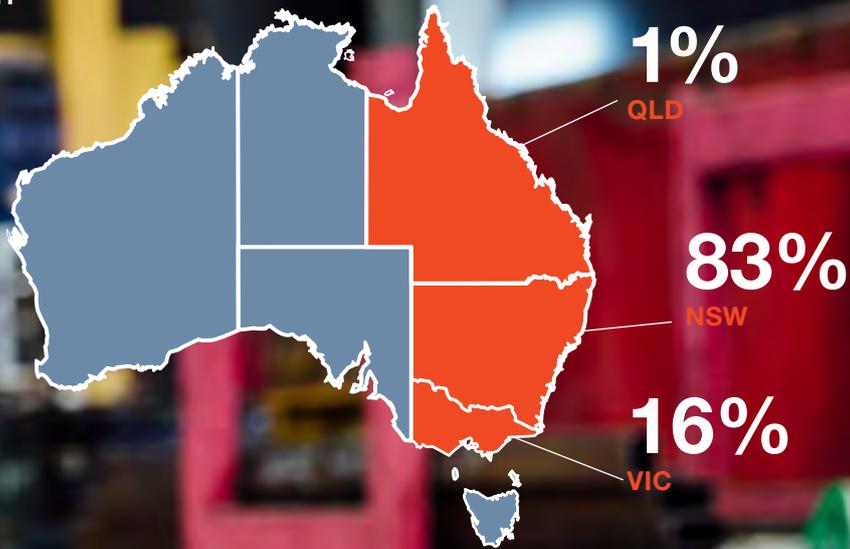
|            | TCFD Recommendation   | Our Approach   |
|------------|---|--|
| GOVERNANCE | <b>Describe the Board's oversight of climate-related risks and opportunities</b>  | <p>BINGO's Board and Zero Harm Committee are responsible for providing oversight of climate-related risk management. The Board has approved BINGO's Climate Change Position Statement and has undertaken to review the statement every two years.</p> <p>BINGO has established a Zero Harm committee, responsible for the review of material risks associated with Safety, Environment and Quality which includes climate-related risks. The Zero Harm Committee's overarching objective is to ensure that the commitments to Zero Harm and sustainability are core values and a priority across BINGO's operations.</p>   |
|            | <b>Describe management's role in assessing and managing climate-related risks and opportunities</b>                               | <p>Addressing and managing climate-related risks forms a component of BINGO's Sustainability Framework. This framework is managed by BINGO's Sustainability Working Group, which is constituted of managers from across BINGO's operations. Monitoring and responding to climate-related risks is supported jointly by the Development and Strategy team and the Safety, Environment and Quality team. Climate-related risks and opportunities are considered within BINGO's business planning activities. Day-to-day monitoring of climate-related risks is incorporated in BINGO's risk management processes.</p> <p>Performance incentives for BINGO's Executive Leadership Team are linked to the achievement of key sustainability metrics.</p>   |
| STRATEGY   | <b>Climate-related risks (opportunities and threats) identified over the short, medium and long term</b>                          | A list of the transition and physical climate-related risks and opportunities, categorised in the short, medium and long term, is appended to our TCFD-aligned disclosure and published on our website.  |
|            | <b>Impacts of climate-related risks (opportunities and threats) on organisation's businesses, strategy and financial planning</b> | <p>As a result of BINGO's materiality assessment, climate action forms an integral part of BINGO's strategy. The Company's Vision – <i>Pushing for a waste-free Australia</i>, reflects our commitment to limit our contribution to climate change, through the promotion of responsible resource use through resource recovery, improving access to and efficiency of recycling infrastructure, to promote the diversion of waste from landfill.</p> <p>A trend towards a low carbon economy will likely involve increased requirements on businesses to limit their emissions contribution, this may include a carbon pricing scheme. For BINGO, Australia's transition to a low carbon economy may represent our greatest business opportunity. The extraction and manufacturing of raw materials, and the landfilling of waste is emissions intensive. By comparison, the recovery, recycling and reusing of resources is less emissions intensive. A low carbon future is likely to only be achieved in conjunction with responsible resource use and an increase in recycling.</p> <p>BINGO has initiated an action plan in order to manage potential physical and transitional risks related to climate change. This includes publishing our Climate Change Position Statement, analysis of the climate impacts of our business activities (operational and/or strategic) and efforts to mitigate these impacts. We continue to explore ways that we can make our operations more climate resilient, and reduce our environmental impact.</p> <p>We acknowledge that physical climate-related risks can result in negative financial impacts for our Company; for example, increased operating costs as a result of disruption to our supply chain and distribution networks. BINGO is committed to improving the Company's resilience to physical climate risks. The opportunities associated with building up BINGO's resilience to climate risks may include reduced insurance costs, maintenance and operating costs and increased health and safety during extreme weather events.</p> |
|            | <b>Resilience of organisation's strategy taking into account different climate scenarios including two-degree scenario</b>        | BINGO will be undertaking quantitative scenario analysis as part of phase 3 of our TCFD disclosure alignment roadmap.  |
|            |   |  |

|                 |  | TCFD Recommendation   | Our Approach   |
|-----------------|--|---|--|
| RISK MANAGEMENT |  | <b>Process for identifying and assessing climate-related risks</b>  | <p>In FY18, BINGO undertook a materiality assessment. This assessment was benchmarked to the approach outlined in the Global Reporting Initiative (GRI) Standards, and encompassed a media review, peer benchmarked assessment and analysis of global and industry standards. The materiality assessment identified BINGO's material issues. Climate change was identified as part of this assessment as one our Company's key material risks.</p> <p>Climate-related risks are identified and incorporated into BINGO's enterprise risk management processes. Risk owners have been identified across BINGO's operations and are tasked with assessing, implementing and testing controls; and monitoring lead indicators.</p>  |
|                 |  | <b>Processes for managing climate-related risks</b>   | <p>Responding to climate-related risks is one of BINGO's five long-term sustainability commitments. We understand that the impacts of climate change on our Company may range from extreme weather and other physical risks, to potential financial impacts such as market shifts and legislative change resulting from the move towards a low carbon future.</p> <p>We aim to promote opportunities and manage climate change risks through our Sustainability Framework specifically, through:</p> <ul style="list-style-type: none"> <li>• <b>Responsible Resource Use:</b> providing innovative recycling-led solutions that divert waste from landfill, reducing waste-generated emissions and re-using resources in the production of recycled products;</li> <li>• <b>Waste to energy:</b> exploring the potential for waste to energy as a lower-carbon alternative to disposal to landfill and energy from fossil fuels;</li> <li>• <b>Knowledge Sharing:</b> collaborating with competitors, industry groups, government organisations and other key stakeholders to develop innovative strategies to move to a low carbon and circular economy system; and</li> <li>• <b>Energy Efficiency:</b> improving our recycling infrastructure and assets and truck fleet to optimise energy use and reduce emissions.</li> </ul> |
|                 |  | <b>How processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management</b> | <p>The Board is ultimately responsible for deciding the nature and extent of the risk BINGO is prepared to accept. BINGO maintains a Risk Management Framework to identify and manage risks, including climate-related risks on an ongoing basis. It is the role of management to design and implement the framework to ensure the Company operates within the risk tolerance set by the Board.</p> <p>The Board, Audit and Risk Committee, and Executive Leadership Team Risk Committee, assess the environment in which BINGO operates; this includes the influence of climate change on our business operations, and categorises risk, accordingly, determining the acceptable threshold or risk tolerance for each risk identified. The overall business strategy is then set by management within these risk parameters.</p> <p>Corporate and operational risk is assessed and reported to the Audit and Risk Committee by the Executive Leadership Team Risk Committee. This structure allows for three lines of defence against the impact of residual risk and ensures the Board is adequately informed on risk and changes to risk within the business.</p> <p>Each business unit employs a Risk Management Process to ensure risk is adequately identified and managed within their respective area of business.</p>       |
| METRICS         |  | <b>Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</b>   | <p>BINGO uses a range of metrics to assess its sustainability performance, in relation to climate-change action; these include water usage, fuel consumption, resource recovery rates, greenhouse gas emissions (GHG) and energy usage. A detailed report of these metrics can be found in BINGO's Annual Report.</p>  |
|                 |  | <b>Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks</b>  | <p>A baseline assessment of our carbon footprint was established in FY17. In FY18 we expanded this assessment to capture newly acquired and developed sites as well as report our Scope 3 emissions. In FY19 we expanded our analysis further to consider other sources of Scope 3 emissions. BINGO's significant sources of GHG emissions for the FY18 period include:</p> <p><b>Scope 1:</b> Fuel consumption from BINGO's truck fleet, in addition to plant and equipment used across our operations.</p> <p><b>Scope 2:</b> Electricity consumption from BINGO sites, including recycling facilities, office buildings and bin manufacturing sites.</p> <p><b>Scope 3:</b> Indirect emissions from production and supply of electricity and fuel including contractor fuel. Contractors conducting activities not under our operational control that BINGO would otherwise undertake. Estimated emissions for waste diverted to third parties assuming sent on to landfill. Avoided landfill emissions from recovered material sent for re-use/recycle.</p>  |
|                 |  | <b>Targets used by the organisation to manage climate-related risks and opportunities and performance against targets</b>                         | <p>BINGO will be setting reduction targets across its key sustainability metrics as part of phase 2, with a view to setting best-practice targets within the next two to three years.</p>  |

Sustainability Report  
**Social**



EMPLOYEES BY GEOGRAPHY



WORKFORCE AT A GLANCE

| TOTAL EMPLOYEES | FEMALE REPRESENTATION IN SENIOR MANAGEMENT | BLUE COLLAR WORKFORCE | DIFFERENT CULTURAL IDENTITIES | EMPLOYEES BORN OVERSEAS | INDIGENOUS PARTICIPATION |
|-----------------|--|-----------------------|-------------------------------|-------------------------|--------------------------|
| 1,000+          | 19%  | 78%                   | 30                            | 40%                     | 3.6%                     |

Sustainability targets – scorecard for FY19

Employee engagement and culture

| ALIGNMENT TO SDGs   | FY19-20 TARGET  | FY19 PROGRESS   |
|---|---|---|
|   | Undertake annual independent engagement survey and implement engagement action plans. Targeting an engagement score of >75% and a 5% reduction in turnover. | Achieved engagement score of 80% in FY19 and a 3.5% reduction in turnover |

Diversity and inclusion

| ALIGNMENT TO SDGs   | FY19-20 TARGET  | FY19 PROGRESS  |
|---|---|--|
|    | Implementation of diversity and inclusion framework in FY19   | Inclusion framework established and implementation achieved                            |
|     | Launch of Indigenous Reconciliation Action Plan (RAP)         | BINGO's INNOVATE RAP endorsed by Reconciliation Australia                              |
|   | Targeting >25% female representation across senior management | 19% female representation across senior management. Impacted by restructure with DADI. |

Community engagement

| ALIGNMENT TO SDGs   | FY19-20 TARGET  | FY19 PROGRESS                                  |
|---|---|--|
|   | Educate the next generation of recyclers reaching 1,000 school students in NSW and 500 school students in VIC with our BINGO educational programs | 1,688 students through BINGO education in FY19 |

Health and safety

| ALIGNMENT TO SDGs   | FY19-20 TARGET  | FY19 PROGRESS  |
|---|---|--|
|  | Zero Harm – deliver a near-team LTIFR of below 4 with a long-term Zero Harm target                      | LTIFR of 0.8 in FY19   |
|   | Targeting 160 Leader Led SEQ Walks (LLSW) and 500 Safety and Environment Behaviour Observations (SEBOs) | 178 LLSW against annual target of 160 and 1,150 SEBOs against annual target of 500 |

# Sustainability Report

## Social

### Employee engagement and culture

#### APPLICABLE UN SDGs



Last financial year, we launched our company vision *Pushing for a Waste Free Australia*. This vision unites our people, partners, customers and the communities in which we operate. During FY19 we prioritised its implementation so that every GOgetter understands our vision and how they contribute to its achievement. Pleasingly our recent employee experience survey reported that more than 90% of employees understand how their role contributes to BINGO's success.

Creating alignment and a sense of purpose is essential for positively impacting the experience of all of our employees, and for us a vision with such altruistic sentiment also communicates positive intent that is attractive for future talent and evidenced in our operating results.

Our second annual employee experience survey was undertaken in May of 2019. This survey was modified from the previous year to extend beyond engagement to measuring the full employee experience. All BINGO employees were invited to participate, including those who recently joined as part of the DADI Acquisition. The participation rate decreased slightly this year, however the number of participants grew to approximately 630.

Pleasingly our overall engagement score was greater than 80%; more than 25% higher than the relevant Australian benchmark. Our strengths as reported by our GOgetters included clarity of role, pride in the BINGO brand and excitement and confidence that we will achieve our goals. We will continue to leverage these areas to accelerate performance and further enhance engagement. Sharing knowledge and increasing recognition were identified as areas of improvement and will also be addressed over the next financial year.

Understanding our leadership capability and supporting our leaders to grow has also been a large focus of FY19. We undertook our first 360-degree feedback program to provide an alternate feedback channel for all involved in the process. This is an important aspect as it broadens our communication reach and provides a voice to those that may not be confident or comfortable to provide feedback in an organisation that is starting to build maturity in this area.

People metrics form part of the core data set at BINGO and we now have historical data and trends that provide insights for people management.

Over the past year we have experienced a positive trend in retention with an increase of more than 7% of employees with a tenure of 3+ years and an increase in average service length from 2.0 years to 2.3 years. This equates to an improvement in our employee turnover rate of more than 3.5% which is pleasing as this provides more consistency and stability in our operations and improves our return on investment in employees. Retaining and developing our talent remains a key priority.

### Training and education

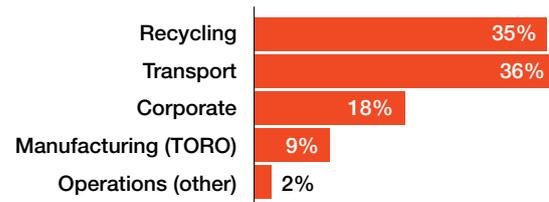
We are focused on building capability in our workforce through providing development and training opportunities. During FY19, 236 NSW employees and 52 VIC employees undertook nationally recognised Certificate III level training in disciplines such as driving operations, manufacturing, administration and waste management. We have established a high industry standard for all our Machine Operators to complete nationally recognised training. Our compliance training has also been linked to nationally recognised training to gain the best outcome for employees. We have trained over 700 short courses in the areas of compliance, fire safety, Chain of Responsibility (CoR) and manual handling. This represented in excess of 6,000 hours of work time allocated to this training.

We offer study leave, study days and study support to team members where the course are relevant to their roles and the business. Where possible, team members are encouraged to use BINGO projects as part of their courses.

### FY19 AVERAGE TENURE OF SERVICE

**2.3 YRS**  
 ▲ FROM 2 YEARS IN FY18

### EMPLOYEES BY ROLE (%)



**CASE STUDY****Study support****Name:** Lisa Wakim**Position:** Marketing Coordinator**Tenure:** three years

I started working for BINGO in 2016. I work part-time in the Marketing team while I pursue my undergraduate degree in Commerce at The University of New South Wales. Working for BINGO has provided valuable on-the-job training in marketing and has enabled me to fast-track my learning. The support and flexibility for study leave I've had from the team has been instrumental to managing work-life balance.

**BINGO Employee Share Ownership**

Our people have played a critical role in the success of BINGO and sharing the rewards, both financial and non-financial, is an important part of our culture where successes are recognised and rewarded. The BINGO Employee Share Ownership plan and profit-sharing rewards program reflect this.

**Health and wellbeing**

Our BINGO Benefits program is a holistic approach to employee health, safety and wellbeing which includes physical and mental health initiatives, employee entitlements and social programs. BINGO's health and wellbeing strategy has been developed with a focus on risk prevention, early intervention and resources to support our people. Mental Health remains a key priority, with the support of our Employee Assistance Program (EAP) across all levels of the organisation. To further support our team's health and reduce the risks associated with a sedentary lifestyle, we rolled out a number of standing desks across our Melbourne and Sydney offices as well as piloting an active movement program in our driving group of GOgetters.



# Sustainability Report

## Social

### Diversity and inclusion

APPLICABLE UN SDGs



The nature of our work and many locations of operation mean that we engage a broad pool of talent from local communities. The result of employing locally is that our BINGO family is made up of a very diverse range of GOgetters, rich in backgrounds, cultures, languages, socioeconomic status and experiences. We are committed to providing a working environment that is not only diverse but is inclusive, supporting all employees to reach their full potential. As a business we know that we only reap the benefits of a diverse workforce when employees feel comfortable to be themselves at work, express their unique perspectives and contribute ideas.

During the year we implemented our inclusion framework which underpins our inclusion initiatives. The three pillars of our inclusion framework are positive awareness, systemic improvement and cultural change.

The focus of our inclusion efforts will be predominantly concentrated on groups who are traditionally disadvantaged and/or under-represented, including Aboriginal and Torres Strait Islander Peoples, those with Disabilities and Women.

#### Inclusion framework

| Our inclusion framework                 | POSITIVE AWARENESS  | + | SYSTEMIC IMPROVEMENT  | + | CULTURAL CHANGE  |
|---|---|---|---|---|--|
| <b>EMBRACING OUR CULTURAL DIVERSITY</b> | Educating all employees to be aware of their responsibilities, bias and cultures starting with our values |   | Ensuring we implement and continually improve our policies, processes and systems, free from unconscious bias to empower our people |   | Awareness and systemic improvement will only be enabled through a shift in cultural patterns |

|  |             |
|--|-------------|
| THE BINGO FAMILY                       | INITIATIVES |
| ABORIGINAL AND TORRES STRAIT ISLANDERS | INITIATIVES |
| DISABILITY                             | INITIATIVES |
| WOMEN                                  | INITIATIVES |

Each member of the Executive Leadership Team has undertaken to be a champion of one of these focus areas to drive awareness and change throughout the organisation. BINGO's diversity and inclusion initiatives include:

- Increased flexibility in working arrangements for employees which includes increasing our part-time and casual workforce
- Launch of our first Indigenous Reconciliation Action Plan (RAP) to support our Indigenous employees and create opportunities for Indigenous candidates and businesses
- Inclusion and unconscious bias awareness training to all managers in FY20
- Enhancement of talent acquisition processes to reduce unconscious bias and increase diversity of successful candidates via a targeted selection approach.

### Embracing our cultural diversity

Our strength is in our diversity. We have over 30 nationalities with more than 40% of our employees born overseas. A large portion of our workforce are of African, Middle Eastern and South Pacific Island descent. We provide different types of employment in roles from entry-level and non-skilled all the way through to trades and degree-qualified roles. We are proud to provide employment and career progression opportunities for many employees that have sought refuge in Australia, are unskilled and/or come from non-English speaking backgrounds.



#### CASE STUDY

**Name:** Abby Goli

**Position:** Storeman, Auburn Workshop

**Tenure:** six years

I came to Australia from Iran in 2011 and started work as a cleaner for BINGO in 2013. The hardest part about moving to a new country was learning a new language. Since I started with BINGO I've been given development opportunities and I am now in charge of ordering and distributing parts for our mechanical workshop here at Auburn. This is similar to my work in Iran, where I ran my own mechanical parts business. I'm grateful for my job here at BINGO and I'm truly thankful for the support I have had from Daniel, the Tartak family and the BINGO team.

# Sustainability Report

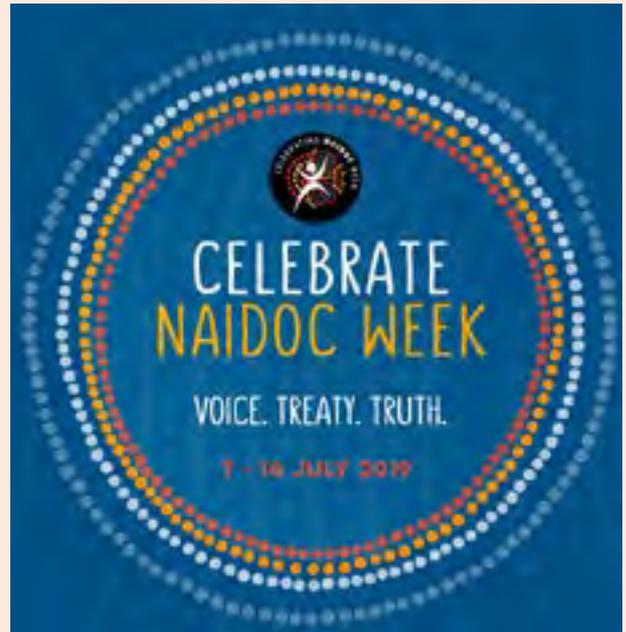
## Social

### CASE STUDY

#### National Reconciliation Week and NAIDOC Week

Celebrating days of national significance for Aboriginal and Torres Strait Islander communities is a key action of BINGO's Reconciliation Action Plan (RAP). FY19 marked the first year that BINGO celebrated both National Reconciliation Week and NAIDOC Week. To mark the occasion of Sorry Day and National Reconciliation Week, BINGO's Managing Director and Chief Executive Officer Daniel Tartak led the Company in an Acknowledgement of Country and a discussion on why Reconciliation is important for all Australians.

BINGO's NAIDOC Week celebrations echoed the 2019 theme – Voice, Treaty, Truth and events included a screening of SBS documentary film, *You Can't Ask That – Indigenous*, at BINGO's Auburn Head Office; this was followed by a discussion from RAP Working Group members. Our Eastern Creek team celebrated NAIDOC week with a BBQ lead by the RAP Working Group; this included a didgeridoo demonstration.



## Providing employment opportunities for Aboriginal and Torres Strait Islander Peoples

As an Australian founded business, we are proud to provide employment opportunities for Aboriginal and Torres Strait Islander Peoples. In FY19, 3.6% of our workforce identified as Aboriginal or Torres Strait Islander, which represented a 44% improvement from FY18. Our inclusion strategy together with our community initiatives associated with our Reconciliation Action Plan has fostered an open and inclusive environment where cultural diversity is celebrated.



## Sustainability Report

## Social

### Promoting gender diversity

We are committed to implementing and supporting initiatives and processes to help facilitate equal gender participation and opportunity in our business. Increasing female representation through attracting new talent, as well as retaining and developing existing talent across the business, remains a key focus for BINGO. BINGO's gender diversity targets are for women to account for more than 25% of senior management and 30%

Board representation. To continue to support progress in the area of gender diversity, we recognise we have more work to do. Initiatives that support this focus include awareness and education in unconscious bias, targeted selection, investment in development programs, succession planning and mentoring. We will also continue to evaluate our promotion, pay and performance results to identify and act upon any unconscious gender-based inequalities.

### Our team by numbers

| GENDER DIVERSITY – % FEMALE REPRESENTATION | FY17 | FY18 | FY19 | TARGET |
|--|------|------|------|--------|
| Board                                      | 20%  | 17%  | 14%  | 30%    |
| Executive Leadership Team                  | 20%  | 14%  | 11%  | 30%    |
| Senior Management Team                     | 20%  | 19%  | 19%  | 25%    |
| Company-Wide                               | 10%  | 11%  | 11%  | 15%    |

| ENGAGEMENT AND TRAINING AND DEVELOPMENT         | FY17 | FY18 | FY19 | TARGET |
|---|------|------|------|--------|
| Engagement Score                                | n.a. | 70%  | 80%  | 80% +  |
| Average Tenure of Employment (years)            | 1.5  | 2.0  | 2.3  | 2.5 +  |
| Certificate III Level Training (# of employees) | 198  | 173  | 288  | 200 +  |

| EMPLOYMENT STATUS   | MALE       | % OF TOTAL | FEMALE     | % OF TOTAL | TOTAL        | % OF TOTAL  |
|---------------------|------------|------------|------------|------------|--------------|-------------|
| Permanent full-time | 814        | 90%        | 92         | 10%        | 906          | 89%         |
| Permanent part-time | 1          | 33%        | 2          | 67%        | 3            | 0%          |
| Casual              | 101        | 91%        | 10         | 9%         | 111          | 11%         |
| <b>Total</b>        | <b>916</b> |            | <b>104</b> |            | <b>1,020</b> | <b>100%</b> |



## Sustainability Report

## Social

## Community engagement

APPLICABLE  
UN SDGs



Our strategic intent and vision provides a direct link between our purpose and the way we engage with our community. Our objective as a business is to be stewards for change in the industry; to educate Australians on the importance of recycling to increase diversion of waste from landfill and pivot towards a circular economy. In doing so, we hope to promote a “waste free” generation of Australians.

### BINGO Education Program

In collaboration with Planet Ark, BINGO designed a waste education program involving school excursions to our Auburn Recycling Facility to promote sustainable practices and increase awareness of the importance of resource recovery. With curriculum links to science and geography, the BINGO Education Program takes students on a recycling journey. Students get to explore the processes used to recycle building and demolition waste through deconstructing a house and sorting the waste. In FY19, 1,688 students attended our BINGO Education site tours.

**BINGO'S WASTE EDUCATION  
PROGRAM REACHED**

**1,688**

**SCHOOL STUDENTS IN FY19**





CASE STUDY

**Supporting grass roots community groups**

In partnership with the GWS Giants, BINGO awarded the Ingleburn Magpies Junior AFL club with a skip-load of sporting gear after the junior AFL club won the "Be a Giant" competition. Their winning video was the most creative and showcased the determination and skill of the team. BINGO General Manager for Sales, Darin Anderson, and GWS Giants player, Nick Shipley, presented the gear to the team.



## Sustainability Report

# Social

### CASE STUDY

#### Community support

BINGO has joined with Mirvac and the Property Industry Foundation (PIF) to support vulnerable youth through the construction of a six-bedroom house at Old Toongabbie in Sydney. BINGO is providing skip bins and waste management services worth around \$20,000 to the project, which will provide accommodation for traumatised youth. The project is part of PIF's House Program, and will house five homeless youths who will receive care, mentoring and support. They'll be encouraged to work or study and will do so with a roof over their heads and a safe, warm place to call home. BINGO is proud to be associated with this project, which will have a material, positive impact on the lives of some of the most vulnerable people in our community.



### Respecting human rights

We recognise our responsibility to respect human rights in all aspects of doing business. Our Human Rights Statement sets out how we identify, assess and manage our impacts on communities where we operate, including any impact on human rights. Our goal is to keep employees, contractors and facilities safe, while respecting the human rights of local communities in accordance with the UN Voluntary Principles on Security and Human Rights. BINGO's Responsible Sourcing Policy sets out the specific expectations for suppliers which cover business integrity, health and safety, labour and human rights.

### BINGO's Inaugural Reconciliation Action Plan (RAP)

As an Australian-operated Company, we are proud to have produced our first Reconciliation Action Plan (RAP) in FY19. BINGO recognises the important opportunity we have, within our sphere of influence, to invest in the sustainable future of Aboriginal and Torres Strait Islander Peoples, businesses and communities. Our Vision for Reconciliation is to operate a business that is inclusive and respectful of the cultural needs of Aboriginal and Torres Strait Islander Peoples and communities and contributes to the celebration of their histories and cultures.

The first step on our RAP journey was to establish a RAP Working Group to strengthen the voice of Aboriginal and Torres Strait Islander employees within our business and oversee the development and implementation of BINGO's first RAP. BINGO's RAP Working Group is comprised of executive-nominated employees from diverse roles across the business, including senior management and operational employees. BINGO's RAP Working Group is made up of both non-Indigenous and Aboriginal and Torres Strait Islander employees.

Some of the key actions within our RAP include:

- promoting Reconciliation within our sphere of influence;
- providing opportunities for BINGO employees to explore and understand Aboriginal and Torres Strait Islander cultures and histories through cultural heritage events and training;
- providing opportunities for Aboriginal and Torres Strait Islander youth through internships and traineeships;
- increasing spend with Aboriginal and Torres Strait Islander businesses; and
- celebrating national Aboriginal and Torres Strait Islander events of significance such as NAIDOC Week and National Reconciliation Week.

## CASE STUDY

**Supporting Indigenous businesses**

Demonstrating our commitment to support Aboriginal and Torres Strait Islander businesses through our partnerships and supply chain, we are proud to partner with Ironmark, a Supply Nation registered construction company. As a registered Aboriginal and Torres Strait Islander company, Ironmark assist clients by providing services on construction projects in NSW to meet their procurement obligations under the Aboriginal Participation in Construction Policy (APIC). In addition to offering construction services, through its partnership with BINGO, Ironmark is now able to provide complementary waste management services. BINGO's partnership agreement with Ironmark is linked to meaningful KPIs providing employment and procurement opportunities for Aboriginal and Torres Strait Islander Peoples and businesses. Ironmark will also be supporting BINGO in its Aboriginal and Torres Strait Islander engagement initiatives.

**IRONMARK****BINGO**  
**INDUSTRIES**

Troy Loh and Ed Groch, Directors of Ironmark, a Supply Nation registered Aboriginal and Torres Strait Islander business providing construction services and building and demolition waste management services.

## Sustainability Report

# Social

### Health and safety

APPLICABLE  
UN SDGs



Our commitment to Zero Harm represents our commitment to protect our people, the environment and the communities in which we operate. This goal is supported by strong governance, safety systems and processes certified to international standards. Despite having strong systems in place, we were disappointed to report two fatalities during the year related to two separate workplace incidents. We are committed to doing everything we can to ensure that our dedicated workforce go home safely every day – this is non-negotiable. To achieve this, improving our Safety, Environment and Quality (SEQ) culture is a core focus for FY20. We are targeting new communication channels and new safety messages to embed ownership of safety across every level of the business. During the year, we also commissioned an independent review of our sites and safety systems to understand where further improvements or initiatives could be implemented to minimise the health and safety risks in our business.

### Changing the narrative – new channels and new messages

We have worked hard to ensure BINGO's Zero Harm systems and processes are operating at the highest standards. However, we recognise that in order to achieve our target of Zero Harm we need to make sure that what is written in our safety manuals is being practised every minute, of every day, by every employee working at BINGO. To support this focus, a comprehensive new safety training and communication plan is being rolled out across the business to ensure our safety messages resonate with our people on a personal level, through:

- the relaunch of our Think Safe, Be Safe, Home Safe messaging;
- increasing the scope, function, size and reach of our employee-constituted Safety Committee;
- the launch of the BINGO Zero Harm Rules; and
- the launch of new communication channels and engagement protocols.

#### CASE STUDY

### Relaunch of Think Safe, Be Safe, Home Safe

During the year we relaunched our messaging of our motto *Think Safe, Be Safe, Home Safe*. The relaunch included an activity which was rolled out across all areas of the business during toolbox talks, management meetings and team building offsites. The activity involved employees describing what each element of *Think Safe, Be Safe, Home Safe*, means to them including bringing a photo of their families in to hang on a *Home Safe* vision board to personalise the message.



## Zero Harm Rules

To ensure our people understand what is required to achieve Zero Harm, BINGO has developed Zero Harm Rules. These Zero Harm Rules are non-negotiable; they apply to every employee at BINGO regardless of their role or location.



People First.  
Always.



Must be fit  
for work.



Places &  
equipment must  
be fit for use.



Must be  
inducted,  
trained &  
authorised.



Always identify  
& control  
hazards.



Always use  
positive  
communication.



Always wear  
correct PPE.



Always obey  
exclusion  
zones.



Must work  
to rules &  
conditions.



Must inspect  
all loads.



Always lock  
out, tag out.

THINK SAFE BE SAFE HOME SAFE

# ZERO HARM RULES

By committing to BINGO's 12 Zero Harm Rules, we protect ourselves, each other and our community from harm.

THINK SAFE BE SAFE HOME SAFE



Always  
protect  
against falls.

## Sustainability Report

# Social

### SEQ governance and risk management

During the year we enhanced our governance and oversight of Safety, Environment and Quality (SEQ) with the establishment of a Board sub-committee for Zero Harm, approved by the Board in May 2019. Our Zero Harm Board sub-committee's overarching objective is to ensure that the commitment to Zero Harm and sustainability are core values and a priority across the Company's operations. The Committee's role is to provide oversight, and assist and advise the business on:

- the Company's Safety, Environment and Quality (SEQ) and sustainability policies and processes;
- SEQ matters; and
- its Sustainability Framework, strategy and performance.

BINGO's systems are certified to Australian and international standards:

- ISO 45001:2018 OH&S Management Systems Requirements
- ISO 14001:2015 Environmental Management Systems Requirements
- ISO 9001:2015 Quality Management Systems Requirements



BINGO's safety systems have been upgraded to the new ISO 45001:2018 standards. We are proud to be amongst a small number of companies in Australia to have been certified to ISO 45001:2018 standards.

We are committed to elevating newly acquired sites to BINGO's ISO accredited standards within six months of ownership. The Dial a Dump Eastern Creek site and the Alexandria transfer station were included in the October 2019 audit for Environment, Quality and OH&S.

All BINGO employees are represented in the formal Safety, Environment and Quality (SEQ) Committee. We have recently updated the Committee charter with the changes aimed at elevating the SEQ Committee and as such the function and membership structure has changed to provide greater influence and reach to support BINGO's Zero Harm journey. The SEQ team provides formal reports on SEQ performance risks and management actions to the senior management team on a monthly basis and to the SEQ Committee on a quarterly basis.

### Continuous improvement

BINGO's consultation and feedback mechanisms along with our lead indicator data generate more than 5,000 opportunities for mitigating risk and improving our systems. This ensures we are proactive in our approach to safety, environment and quality management. The two lead indicators BINGO uses to reinforce SEQ behaviour include:

- Leader-led SEQ Walks (LLSW) – Executive management undertake safety walks and talks with employees about the tasks they are performing and the importance of their roles in SEQ performance.
- Safety and Environment Behaviour Observations (SEBO's).

| SAFETY, ENVIRONMENT AND QUALITY METRICS           | FY17 | FY18 | FY19  | TARGET |
|---|------|------|-------|--------|
| Lost time injury frequency rate (LTIFR)           | 4.3  | 1.5  | 0.8   | <4.0   |
| Safety Environment Behaviour Observations (SEBOs) | –    | 421  | 1,150 | 500    |
| Leader Led Safety Walks (LLSW)                    | –    | 131  | 178   | 160    |
| Drug and alcohol tests                            | 354  | 987  | 1,276 | n.a    |
| SEQ audits conducted                              | 260  | 400  | 800   | n.a    |
| Fatalities  | 0    | 0    | 2     | 0      |



Sustainability Report  
Governance



## Sustainability targets – scorecard for FY19

| Governance and risk management  |  |   |
|---|--|---|
| ALIGNMENT TO SDGs   | FY19-20 TARGET   | FY19 PROGRESS   |
|    | Develop a strategic framework and procedure for supply chain management  | Supply chain mapping and audit underway. Supplier Code of Conduct in development.   |
|   | Develop a Group whistle-blower policy  | Whistle-blower (Speak Up) Policy approved by the Board and Speak Up hotline ready for launch  |
|   | Enhance BINGO's risk management framework and subsequent implementation of an improved business continuity plan  | Upgraded risk management framework complete, risk workshops carried out, business continuity program underway                           |
| Growth  |  |   |
| ALIGNMENT TO SDGs   | FY19-20 TARGET   | FY19 PROGRESS   |
|  | Commitment to continuous improvement and innovation in recycling infrastructure across NSW and VIC to enhance recovery rates and increase recycling capacity | During the year West Melbourne was upgraded with advanced recycling infrastructure. In FY20, Mortdale and Patons Lane will be upgraded. |

**BINGO acknowledges that corporate governance is key to delivering our strategy, creating long-term shareholder value and preserving our social licence to operate. BINGO's vision and values continue to be a core part of our culture and underpin our corporate governance principles, relationships and processes.**

### Board and Management

BINGO's Board of Directors is responsible to shareholders for the long-term performance of the Company and for overseeing the implementation of appropriate corporate governance with respect to the Group's affairs. BINGO's Board comprises a mixture of Non-Executive, Executive and Independent Directors. BINGO's Board and its committees have an appropriate mix of expertise and experience. This is demonstrated in BINGO's Board Skills Matrix (available on our website). Our Board Skills Matrix identifies the skills, knowledge, experience and capabilities desired of our Board to enable it to meet both the current and future strategic objectives and challenges our Company may face.

In FY19, the Board established a Minimum Shareholding Policy for Non-Executive Directors for the purpose of encouraging an alignment between the interests of the Non-Executive Directors and the interests of BINGO's shareholders. This is balanced by our Share Trading and Communication and Disclosure policies.

The Board delegates responsibility for the day-to-day management of BINGO to the Managing Director and CEO, however the Board retains responsibility for the overall strategy, direction and risk profile of the Group. BINGO's Board has adopted a formal Board Charter that details the Board's role, authority, responsibilities, and operations, and this is available on our website. The Board Charter sets out the matters specifically reserved for the Board and the powers delegated to various Committees, the Managing Director and CEO and other key management personnel. The Managing Director and CEO also delegates authority to the appropriate senior executives for specific duties and activities. This authority is governed by a formal Delegation of Authority (DoA) approved by the Board and cascaded throughout the organisation.

## Sustainability Report

# Governance

### Board Committees

In order to more effectively deal with complex or specialised issues and to use Directors' time efficiently, the Board has delegated some areas of oversight to committees to make recommendations for action to the full Board. These committees are:

| DIRECTOR:                    | MEMBER OF: |  |                          |                              |                     |
|------------------------------|------------|--|--------------------------|------------------------------|---------------------|
|                              | Board      | Continuous Disclosure Committee <sup>1</sup> | Audit and Risk Committee | People and Culture Committee | Zero Harm Committee |
| Michael Coleman <sup>2</sup> | ■          | ■  | —                        | ■                            | —                   |
| Daniel Tartak                | ■          | ■  | —                        | —                            | —                   |
| Daniel Girgis                | ■          | —  | ■                        | —                            | —                   |
| Maria Atkinson AM            | ■          | —  | ■                        | ■                            | ■                   |
| Barry Buffier AM             | ■          | —  | —                        | —                            | ■                   |
| Ian Malouf                   | ■          | —  | —                        | —                            | —                   |
| Richard England              | ■          | —  | ■                        | ■                            | —                   |

■ Member ■ Chair

1. The Continuous Disclosure Committee is not a formal Board sub-committee; however it consists of Board and management representatives.
2. As Chairman of the Board, Mr Coleman attends all Committee meetings.

### Compliance with the ASX Corporate Governance Principles

BINGO's Corporate Governance Statement (the "Statement") confirms the Company has followed the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations throughout the period covered by this Annual Report.

The Statement can be accessed via the BINGO website at: <https://www.bingoindustries.com.au/corporate-governance-statement>.

Further information about BINGO's corporate governance policies and practices is also available on BINGO's website at: <https://www.bingoindustries.com.au/sustainability/governance>.

**"We believe the maintenance of high standards of governance is critical to delivering our strategy, creating long-term value and preserving our social licence to operate."**

**Michael Coleman**

Independent Chairman and Non-Executive Director

### Strengthening risk management

During the year, BINGO materially strengthened its risk management through formalising its Risk Management Framework (the “Framework”). BINGO’s Risk Management Framework describes our approach to managing both enterprise and operational risks across the business. Our approach to risk management is flexible and adaptable and the Framework can be applied at both an enterprise and individual business unit/site level.

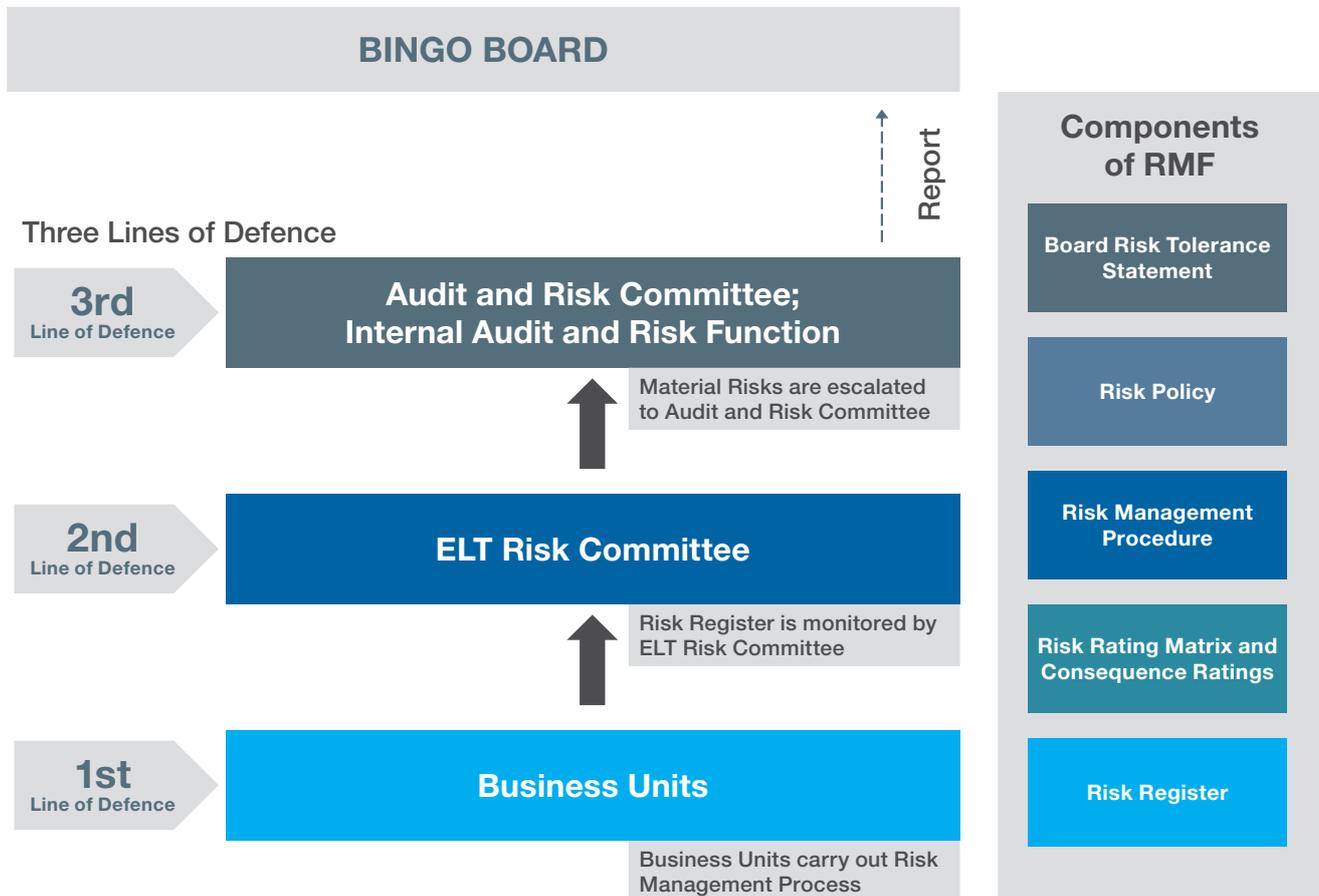
Our Risk Management Framework:

- provides for the Board’s risk tolerance levels, promoting alignment between the expectations of the Board and the strategic decision making of management;
- provides employees with the tools and processes required to appropriately manage risk within their business unit;

- provides the framework for identifying, escalating, mitigating and monitoring risks; and
- ensures risk management is embedded in the decision-making processes at BINGO.

BINGO’s Risk Management Framework comprises three lines of defence. Individual business units are responsible for identifying and managing risks within their respective areas of business. The ELT Risk Committee, supported by Group General Counsel, oversees the implementation of risk processes across the business and maintains BINGO’s enterprise Risk Register. The third line of defence is delivered by internal and external audit in the Audit and Risk Committee and the Internal Audit and Risk Function (to be appointed in FY20).

### BINGO Risk Management Framework



## Sustainability Report

## Governance

## Our material risks and mitigation strategies

| Risk  | Description   | How does BINGO address this Risk   |
|---|---|--|
| <b>Health, safety and wellbeing</b>   | Failure to embed a Zero Harm workplace culture and implement safe systems and processes to protect our environment and those under our care.  | Environment and Quality management systems are ISO accredited and are implemented across all BINGO sites. In addition to our high quality systems, we are reinvigorating Zero Harm dialogue across BINGO's operations through a communication and training campaign focused on our 12 non-negotiable Zero Harm Rules. This campaign will strengthen our Zero Harm culture. Our Zero Harm Committee provides oversight and guidance for all health and safety activities.   |
| <b>Activity in the waste management sector and geographical concentration</b> | The continued performance and future growth of BINGO is dependent on continued activity and expansion in the NSW and VIC waste management sectors. The level of activity in the sectors may vary and be affected by prevailing or predicted economic activity. There can be no assurance that the current levels of activity in the sectors will be maintained in the future or that customers of BINGO will not reduce their activities, capital expenditure and requirements for waste management services in the future. | Investment in the development of alternative collections streams such as commercial and industrial waste, liquid waste and hazardous waste has seen an increase in long-term contracted revenue. Likewise, diversification in our post-collections service offering to include landfill disposal and an increase in the range and amount of recycled product manufactured further diversifies BINGO's revenue streams. Monitoring and disclosing material changes in our core residential and infrastructure construction markets is embedded in our Risk Management processes and we continue to assess strategies for geographic and service offering diversification. |
| <b>Competition</b>  | A reduction in BINGO's market share in NSW or VIC, through the emergence of disruptors or disruptive behaviours by competitors, causing a negative adjustment to BINGO's pricing resulting in a failure to deliver financial performance.   | Securing long-term contracts, developing new technologies, and adopting competitive pricing strategies.  |
| <b>Culture</b>  | The emergence of hidden attitudes and unsanctioned behaviours and decision making of employees and managers which undermine the shared values, standards and beliefs of BINGO. A high culture risk exposure could result in significant financial and reputational damage to BINGO.   | Promotion of BINGO's core values and vision continues across our business. This is supported by our Code of Conduct and associated policies. Regular communication and training, including inductions, covering BINGO's vision, values and Code of Conduct, are carried out periodically.  |

| Risk                    | Description   | How does BINGO address this Risk   |
|-------------------------|---|--|
| <b>Sustainability</b>   | Failure to maintain our social licence to operate through breaches of applicable sustainable policy and procedure.  | BINGO has implemented a Sustainability Framework that addresses our key material sustainability risks, under the lenses of Environment, Social and Governance. Each of these lenses is supported by policies and a timetable of actions. Our Board Zero Harm committee provides accountability for our approach to Sustainability.   |
| <b>Climate change</b>   | Failure to adequately plan for both transition and physical risks associated with climate change.   | BINGO has published its Climate Change Position Statement, which includes several actions to address climate risk, such as reducing the carbon footprint across our fleet of trucks, investigating alternatives to traditional fossil fuels and becoming energy self-sufficient where possible. This is supported by our Sustainability Framework. In addition to this, we are working towards making our first TCFD compliant disclosure relating to climate change risk and opportunities, to ensure our investors are aware and understand the potential risks our operations may face. |
| <b>Project delivery</b> | Failure to deliver development work across our network resulting in an inability to deliver our strategic objectives.   | Our Project Development team implements a rigorous Risk Management process for all redevelopment projects. This is supported by our Stakeholder Engagement program and, where necessary, Community Stakeholder Engagement plans are implemented  |
| <b>Regulatory risk</b>  | Exposure to changes in the regulatory conditions under which BINGO operates, resulting in changes to BINGO's operating model, may result in a material loss of revenue and to the extent that fixed costs cannot be reduced and/or costs cannot be passed on to customers, could adversely impact the financial performance of BINGO. | We engage with key regulators to ensure we remain abreast of all regulations relevant to BINGO, and take the necessary steps to ensure we remain compliant.  |

## Sustainability Report

## Governance

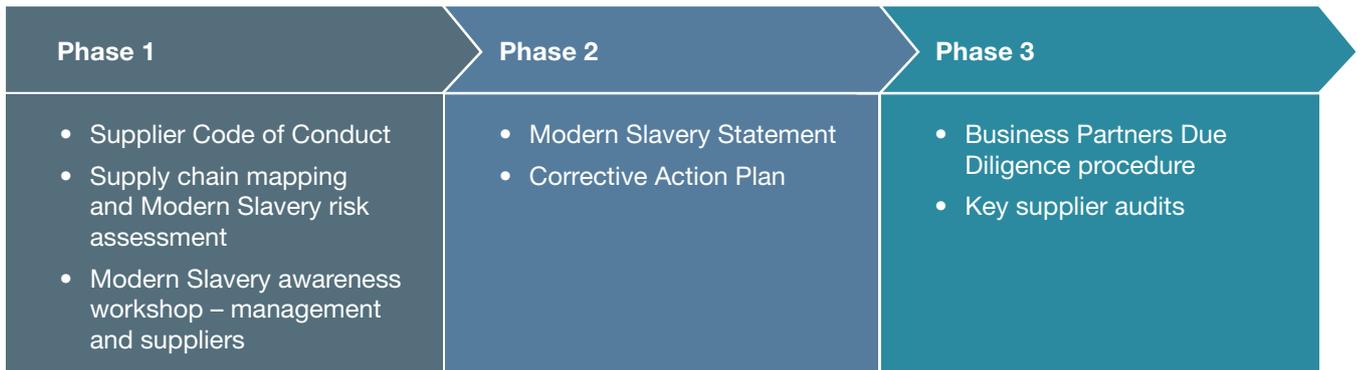
## Sustainable supply chain

In FY18 we made a number of notable improvements to the management of our supply chain, which included a suite of national supply documents that govern the supply of goods and services provided to BINGO and its subsidiaries together with a strategy framework and procedure for procuring goods and services. While we acknowledge we have further work to do to enhance governance of our procurement strategy, we have taken preliminary steps during the year to prepare for reporting under the Commonwealth and NSW Governments' Modern Slavery Acts. To understand our Modern Slavery risks, BINGO has engaged Precision Solutions Group to undertake supply chain due diligence together with a prioritised Corrective Action

Plan. Modern Slavery Risk has been incorporated into BINGO's Risk Register and we are committed to raising awareness of Modern Slavery within our sphere of influence; in particular, Modern Slavery workshops will be carried out with BINGO's management team.

Over the year, we will be undertaking the first phase of our procurement strategy which includes the introduction of a Supplier Code of Conduct, to better communicate our values and expectations to our suppliers. The Supplier Code of Conduct will draw on existing BINGO policies and operating standards and will cover integrity; labour and human rights; health and safety; environmental management; and corporate governance.

## Supply Chain Governance Roadmap:



## Human Rights Statement

In line with the United Nations Sustainable Development Goals (UN SDGs), BINGO was proud to publish its Board-approved Human Rights Statement in FY19. This Statement acknowledges our responsibility to protect and uphold human rights within our sphere of influence. Specifically, our Human Rights Statement addresses the material impact our operations may have on human rights, these being:

- creating a safe and healthy environment for the full realisation of human rights;
- a prohibition against child labour and protections for young workers;
- a prohibition against forced labour and human trafficking;
- the importance of community investment and engagement in maintaining a social licence to operate;
- protections for the human rights of BINGO's workforce; and
- protections for the human rights of First-Nations peoples.

Ongoing awareness training and promotion of Human Rights related impacts will continue to be carried out across the business, this includes continual assessment of Human Rights impacts and the identification of areas where BINGO may positively impact the Human Rights of our community members.

## Enhancing our whistle-blower program

During FY19, BINGO enhanced its grievance mechanisms through implementing a Speak Up hotline and associated Speak Up (whistle-blower) Policy.

BINGO's Speak Up hotline is a free service, available 24/7 and is operated by an independent, third-party service provider, giving whistle-blowers the option to remain anonymous and ensuring confidentiality where their identity is known. Our new Speak Up Policy provides greater protections for whistle-blowers against retaliation and the new Speak Up hotline provides employees with more ways to report any concerns, including an online reporting portal. BINGO's senior management team has been provided with training in how to deal with and investigate whistle-blower complaints and the Speak Up hotline roll-out has been complemented by training sessions, toolbox talks and other communications. The hotline has been made available to customers, suppliers and other third parties dealing with BINGO.



# Board of Directors



**Michael Coleman,  
FAICD FCA FCPA**

*Independent Chairman and  
Non-Executive Director*

A senior audit partner with KPMG for 30 years with significant experience in risk management, financial and regulatory reporting and corporate governance.

Currently a Non-Executive Director and Chairman of the Audit Committee at Macquarie Group Limited, Board Member of the Australian Institute of Company Directors and a Director and Chair of the Audit Committee of Legal Aid NSW.

Other current roles include Adjunct Professor, University of NSW, Chairman of Planet Ark Environmental Foundation, a member of the Board of Governors of the Centenary Institute and Board member of the Belvoir St Theatre Foundation.



**Daniel Tartak,  
MAICD**

*Managing Director and  
Chief Executive Officer*

Daniel brings deep industry knowledge and connectivity to his role of CEO, having spent the last 14 years in the waste industry. Leading BINGO as CEO since July 2015, Daniel has been integral in the formation and execution of the business strategy, including listing on the ASX and, more recently, geographical expansion and vertical integration.

Experienced in leading large, geographically dispersed teams and with a strong passion for people, Daniel has successfully led BINGO's expansionary strategy including overseeing several successful acquisitions, and most recently the acquisition of Dial a Dump Industries in 2019.

Daniel is an innovative leader with a vision to create the first vertically integrated Recycling Ecology Park in Australia at the newly acquired Eastern Creek facility.

Member of the Australian Institute of Company Directors.



**Daniel Girgis,  
CFA**

*Non-Executive Director*

Daniel Girgis has had an involvement with BINGO for almost a decade. He has supported the Executive Leadership Team and its vision to grow BINGO from its early days as a skip bin collection operation to a fully integrated national waste business.

Daniel's financial and corporate advisory background has enabled him to play a significant role in the many acquisitions BINGO has made over the years. He holds a Bachelor in Commerce majoring in Actuarial Studies and a Chartered Financial Analyst (CFA) designation.



**Maria Atkinson,  
AM GAICD**

*Independent Non-Executive Director, Chair of the People and Culture Committee, member of the Audit and Risk Committee and the Zero Harm Committee*

Internationally recognised sustainability strategist with numerous previously held corporate roles including Global Head of Sustainability and Executive for Lendlease and in the not-for-profit sector as Founding Chief Executive Officer of the Green Building Council of Australia.

Maria currently holds Non-Executive Director positions including at the LafargeHolcim Foundation for Sustainable Construction (Switzerland), The US Studies Centre (Australia) and is a graduate of the Australian Institute of Company Directors.

Maria was the Eastern District Commissioner for the Greater Sydney Commission leading strategic planning for the city.



**Richard England,  
FCA MAICD**

*Independent Non-Executive Director and Chairman of the Audit and Risk Committee*

Currently Chairman of QANTM Intellectual Property Limited and Automotive Holdings Group Limited. Non-Executive Director of Japara Healthcare Limited. Formerly, Non-Executive Director of Atlas Arteria Limited (retired 30 November 2018) and Nanosonics Limited (retired 31 August 2019).

15 years of experience at Ernst & Young, mostly in the Corporate Recovery and Insolvency division; was a partner from 1988 to 1994 and an executive consultant from 1994 to 2003.

Member of the Australian Institute of Company Directors and Fellow of Chartered Accountants Australia and New Zealand.



**Barry Buffier,  
AM, FAICD,  
Churchill Fellow**

*Independent Non-Executive Director*

Extensive career in the public and private sector, most recently holding the role as Chairman and CEO of the NSW Environment Protection Authority (EPA) from 2012 to 2018.

Between 2009 to 2012, Barry was Deputy Director General of Industry & Investment NSW.

Prior to this he held Director-General roles at both the NSW Department of State & Regional Development and NSW Department of Primary Industries

1993-2001, National Manager, Agribusiness, at Westpac.

Fellow of the Australian Institute of Company Directors.



**Ian Malouf**

*Non-Executive Director*

Ian joined the Board in March 2019 following the completed acquisition of DADI by BINGO.

Since founding DADI in 1984, Ian grew the business into a leading resource recovery and recycling business in NSW through commercial and industrial real estate acquisitions and the development of innovative technology.

Ian brings over 35 years of waste management operations expertise and an extensive track record of development execution.

He retains interests in other waste-related activities independent of BINGO, as well as interests in commercial real estate development and the leisure sector.

# Executive Leadership Team



**Daniel Tartak,  
MAICD**

*Managing Director  
and Chief Executive  
Officer*

Daniel brings deep industry knowledge and connectivity to his role of CEO, having spent the last 14 years in the waste industry. Leading BINGO as CEO since July 2015, Daniel has been integral in the formation and execution of the business strategy, including listing on the ASX and more recently, geographical expansion and vertical integration.

Experienced in leading large, geographically dispersed teams and with a strong passion for people. Daniel has successfully led BINGO's expansionary strategy including overseeing several successful acquisitions, and most recently the acquisition of Dial a Dump Industries in 2019.

Daniel is an innovative leader with a vision to create the first vertically integrated Recycling Ecology Park in Australia at the newly acquired Eastern Creek facility.

Member of the Australian Institute of Company Directors.



**Anthony Story,  
CA**

*Chief Financial  
Officer*

Over 30 years of experience in senior executive roles and is a qualified Chartered Accountant. Anthony joined BINGO in 2015.

Previously held various senior executive roles with private and public companies including 16 years with Thakral Holdings, 10 years as CFO and Joint Company Secretary, a finance executive at PepsiCo Australia and a member of the audit/assurance team for global financial services firm KPMG.



**Chris Jeffrey,  
CA GAICD**

*Chief Development  
Officer*

Over 20 years of experience across the consulting and advisory space and within ASX corporate entities, primarily focusing on the infrastructure, energy, industrials and services sectors.

Previously held roles as Executive General Manager Strategy Markets & Investments at ASX listed Broadspectrum Limited, Head of M&A and Investor Relations at WDS Limited and Senior Manager at Transurban Limited and prior to that was with PricewaterhouseCoopers in the Corporate Finance team.

Chris holds a Bachelor Degree in Accounting and Finance from Macquarie University and is a graduate of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.



**Geoff Hill,  
CA**

*Chief Executive VIC*

Over 25 years of experience across transportation, ITS, infrastructure, telecommunications and energy sectors. Geoff has considerable commercial, financial and people leadership skills and has deep experience in operations, development, technology and service delivery.

Previously held senior leadership roles with Transurban, Queensland Motorways and AGL.

Geoff holds a Bachelor of Science degree, is a qualified Chartered Accountant and is based in Melbourne.



**Elise Heydon**

*Chief People and  
Culture Officer*

Elise is an accomplished People and Culture professional with specialist expertise in Talent, Inclusion, Performance and Culture.

Previously held roles include Executive Manager Talent, Inclusion & Performance, Senior HR business Partner Corporate and Senior HR Business Partner Operations at previously ASX-listed Broadspectrum.

Elise is experienced in diversity and inclusion, talent, organisational change, culture and leadership development and outsourcing and offshoring activities.

Elise holds a Bachelor Degree in Human Resource Management from Macquarie University.



### **Jim Sarkis**

*Chief Safety,  
Environment and  
Quality Officer*

Jim joined BINGO in 2014 bringing with him over 10 years of corporate expertise having held senior leadership positions at Tabcorp and Betezy.

Instrumental in developing, implementing and overseeing BINGO's SEQ Management Systems and certification to Australian and International Standards as well as driving a strong culture based on family values, in an environment of rapid expansion.

Holds a Bachelor's Degree in Behavioural Sciences.



### **Michael Hanna**

*General Manager  
Information  
Technology*

Over 15 years of experience across a number of verticals including IT infrastructure, network and operations, transport, business process, and outsourcing.

Previously held a number of Senior IT Management roles; including positions held with The Commonwealth Bank, ComfortDelGro and Stellar.

Michael holds a Bachelor's Degree in Science (Computing) from Macquarie University.



### **Rodney Johnson**

*Chief Executive  
Building and  
Demolition NSW*

Rodney joined the BINGO team as part of the DADI acquisition, bringing with him over 18 years of experience in Senior Executive roles within the waste industry.

Previously held senior roles within some of the country's leading recyclers, including Alex Fraser Group and Sims Metal Ltd. Rodney has held peer-elected board roles on local and national industry bodies.

Rodney holds a Graduate Certificate in Business.



### **David Taylor, MAICD**

*General Manager  
Property and  
Infrastructure*

David has over 25 years of international project and corporate development experience across the energy, renewables, transport, residential, commercial, retail, industrial and social infrastructure sectors.

Previously held senior leadership roles with ASX-listed infrastructure firms including a Broadspectrum/Worley JV, WDS Limited and Transurban Limited, as well as privately owned construction companies and public sector agencies.

David holds a Bachelor of Building in Construction Economics (First Class Honours), an MBA from Macquarie Graduate School of Management, and a Master of Applied Finance from the Macquarie University Applied Finance Centre. David is also a member of the Australian Institute of Company Directors.



### **Jamie Reynolds**

*General Manager  
Commercial and  
Industrial*

Jamie has over eight years of waste management experience, joining BINGO in 2011 as a collections vehicle driver. He has since held a number of roles across all areas of the BINGO business including senior management roles as General Manager of Transport as well as Fleet Allocator and Operations Manager.

Jamie has been instrumental to the evolution of BINGO and in particular the transport strategy that has differentiated the Company and provided the platform for growth across NSW and more recently VIC. Jamie was appointed General Manager of the Commercial and Industrial business in July 2019.

# Financial Report

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- A man with short dark hair and a goatee, wearing an orange high-visibility work shirt with reflective stripes, is smiling and looking towards the camera. He is positioned in front of a large piece of industrial machinery with green vertical bars. His hands are near a blue handle on the machinery.
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# Directors' Report

The Directors present their report together with the financial report of the consolidated entity, being Bingo Industries Limited ("the Company") and its controlled entities ("BINGO Industries", "BINGO" or "the Group"), for the financial year ended 30 June 2019 ("FY19").

## Directors

The names of the directors in office at any time during, or since the end of, the year are:

|                   |   |                           |
|-------------------|---|---------------------------|
| Michael Coleman   | Independent Non-Executive Director, Chair     |                           |
| Maria Atkinson AM | Independent Non-Executive Director            |                           |
| Richard England   | Independent Non-Executive Director            |                           |
| Daniel Girgis     | Non-Executive Director                        |                           |
| Ian Malouf        | Non-Executive Director                        | (Appointed 29 March 2019) |
| Barry Buffier AM  | Independent Non-Executive Director            | (Appointed 2 July 2018)   |
| Daniel Tartak     | Managing Director and Chief Executive Officer |                           |

During the reporting period and up to 21 January 2019, the office of Company Secretary was jointly held by Rozanna Lee (BCom, LLB, GradDipACG, AGIA, AGIS) and Ron Chio (LPAB Diploma in Law, Graduate Diploma of Legal Practice (GDLP)). Following the resignation of Ron Chio on 21 January 2019, Stephen Schmidhofer (BEc, LLB, Grad Dip Legal Practice, MBA) was appointed Joint Company Secretary on 25 June 2019.

## Principal Activities

The principal activities of the Group during the financial year were to provide recycling and waste management solutions across building and demolition (B&D) and commercial and industrial (C&I) waste streams with capabilities across waste collections, processing, separation and recycling components of the waste value chain.

The acquisition of Dial-A-Dump Industries ("Dial-A-Dump" or "DADI"), completed in March 2019, significantly expanded the Group's post-collections operations footprint including landfill disposal in NSW.

No other significant change in the nature of these activities occurred during the financial year.

## Dividends

The Company declared fully franked dividends on ordinary shares pertaining to the financial year ended 30 June 2019 totalling 3.72 cents per share (\$23.2 million in aggregate), being an interim dividend of 1.72 cents per share (\$10.0 million in aggregate) and final dividend of 2.00 cents per share (\$13.2 million in aggregate) declared subsequent to year end. The record date of the final dividend is 29 August 2019 with payment to be made on 30 September 2019. The financial effect of the final dividend has not been brought to account in the financial report for the year ended 30 June 2019 and will be recognised in a subsequent financial report.

| Recognised (Paid amounts)  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| Fully paid ordinary shares   |                |                |
| Final dividend for 2018: 2.00 cents per share (2017: Nil)                    | 8,298          | –              |
| Interim dividend for 2019: 1.72 cents per share (2018: 1.72 cents per share) | 10,017         | 7,119          |
| <b>Total dividends paid</b>  | <b>18,315</b>  | <b>7,119</b>   |

The BINGO Board approved the suspension of its Dividend Reinvestment Plan (DRP) during the year ended 30 June 2019.

# Directors' Report

## Operating and Financial Review

### Review of Operations

#### Principal activities

BINGO is a leading recycling and waste management company operating across New South Wales (NSW) and Victoria (VIC). BINGO operates across building and demolition (B&D) and commercial and industrial (C&I) waste streams with capabilities across waste collection, processing and recovery, disposal and bin manufacturing.

#### Business Overview

BINGO's operations are organised across three key segments:

- Collections (BINGO Bins and BINGO Commercial)
- Post-collections (BINGO Recycling and Landfill)
- Other (includes TORO and all other segments)

Including the sites acquired as part of the DADI acquisition, BINGO's operations include a network of 15 sites in NSW including transfer stations and landfill assets and 5 recycling and transfer stations in VIC. BINGO has a workforce of approximately 990 people and truck fleet of approximately 350 trucks across NSW and VIC.

#### Executive snapshot of performance

- FY19 was a transitional year for BINGO; the development program, which is now largely complete, together with the acquisition of DADI, has transformed our operating footprint and provides a platform for future growth from FY20.
- Incidents and injury indicators such as Loss Time Injury Frequency Rate<sup>1</sup> (LTIFR) are better than the industry averages with our LTIFR as at 30 June 2019 being 0.8, down from 1.5 achieved in the prior comparative period ("PCP" or "FY18"). However it is with great sadness that we reported two fatalities in two separate workplace incidents during the year. Steven, a Victorian driver, died in January and Kurt, an employee at our Eastern Creek facility, passed away in May. As an organisation we strive for a zero-harm workplace and we know we have further work to do to achieve this goal.
- Growth in total revenue<sup>2</sup> of 32.4% against the PCP to \$402.2 million and underlying EBITDA<sup>3</sup> up 13.2% to \$106.1 million.
- Statutory<sup>4</sup> net profit after tax (NPAT) of \$22.3 million representing a 41.4% decrease against the PCP of \$38.0 million.
- Strong growth in operating free cash flow of 31.0% to \$116.5 million with 109.8% cash conversion for the twelve months ended 30 June 2019.
- Final dividend of 2.0 cents per share, making a total dividend of 3.72 cents for the year.
- Work in hand and pipeline remains healthy, with strong second half growth in the C&I pipeline of opportunities and sustained momentum in transport and social infrastructure project wins across NSW and VIC.
- In March 2019, we completed the transformational acquisition of DADI. Integration of DADI is well progressed and on track to deliver cost synergies of \$15 million over two years from FY20.
- Announced development program largely complete with BINGO's first recycling centre in VIC, West Melbourne, opened in April 2019. The West Melbourne facility will enhance internalisation and recovery rates in VIC and is expected to improve EBITDA margins.
- Subsequent to the period end; Patons Lane Recycling facility in NSW officially opened in July 2019 and BINGO price rise in NSW implemented from 1 July 2019.

1. LTIFR refers to Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million hours worked.

2. Revenue and other income.

3. EBITDA represents profit before net interest, income tax, depreciation and amortisation expense.

4. The use of the term 'Statutory' refers to financial information as detailed in these financial statements and 'underlying' refers to non-statutory financial information. The underlying financial measures included in the Directors Report have been calculated to exclude the impact of various costs and adjustments associated with acquisitions, the integration of acquisitions and the corporate reorganisation. These costs are set out on page 83. The Directors believe the presentation of the non-statutory financial measures is useful for the users of this financial report as they reflect the underlying financial performance of the business.

- Network capacity target of 3.4 million tonnes per annum exceeded in FY19 post completion of announced developments and acquisition of DADI. BINGO's network reconfiguration plan in NSW is expected to enhance operational efficiencies for transport and tipping and expected to return \$80 million from the divestment of the Banksmeadow facility and capital recycling of non-core assets in FY20.
- The strategic focus over the next 12 months is on optimising the core and delivering organic growth and margin expansion.
  - In NSW the focus is on completing the integration of DADI; optimising the network of existing facilities, completing the network reconfiguration and constructing Materials Processing Centre (MPC) 2 at Eastern Creek, which will significantly increase recycling capacity within the network.
  - In VIC, the post-collections strategy is centred on increasing the recovery rates and internalisation of waste volumes to enhance margin growth.
- BINGO remains well positioned for growth in FY20 with a full year contribution from DADI, Patons Lane and West Melbourne.

## Review of Financials

### Summary of Financial Performance

| Group                                   | Full year ended<br>30 June 2019<br>\$ millions | Full year ended<br>30 June 2018<br>\$ millions | YoY<br>Variance<br>% |
|---|--|--|----------------------|
| Revenue and other income                | 402.2  | 303.8  | 32.4%                |
| Underlying EBITDA                       | 106.1  | 93.7   | 13.2%                |
| Statutory EBITDA                        | 72.4   | 84.9   | (14.7%)              |
| Underlying EBITDA margin <sup>(i)</sup> | 26.4%  | 30.8%  | (4.4%)               |
| Statutory EBITDA margin                 | 18.0%  | 27.9%  | (9.9%)               |
| Underlying EBIT                         | 70.3   | 71.8   | (2.1%)               |
| Statutory EBIT                          | 35.6   | 61.9   | (42.5%)              |
| Underlying NPAT                         | 53.2   | 45.6   | 16.6%                |
| Statutory NPAT                          | 22.3   | 38.0   | (41.4%)              |
| Underlying NPATA <sup>(ii)</sup>        | 58.9   | 48.2   | 22.2%                |

(i) Underlying EBITDA Margin = Underlying EBITDA/Revenue and other income.

(ii) Underlying NPATA = Underlying NPAT + Amortisation expense of certain intangibles.

A reconciliation of the FY19 statutory to underlying actual results is summarised as follows:

|                                     | Note | Revenue and<br>other income<br>\$ millions | EBITDA<br>\$ millions | EBIT<br>\$ millions | NPAT<br>\$ millions | NPATA<br>\$ millions |
|-------------------------------------|------|--|-----------------------|---------------------|---------------------|----------------------|
| <b>FY19 statutory results</b>       |      | <b>402.2</b>                               | <b>72.4</b>           | <b>35.6</b>         | <b>22.3</b>         | <b>22.3</b>          |
| Acquisition costs                   | 1    |  | 7.5                   | 7.5                 | 7.5                 | 7.5                  |
| Acquisition costs – Stamp Duty      | 1    |  | 14.8                  | 14.8                | 14.8                | 14.8                 |
| Capital raising costs               | 2    |  |                       | 0.7                 | 0.7                 | 0.7                  |
| Integration costs                   | 3    |  | 11.4                  | 11.4                | 11.4                | 11.4                 |
| Prepayment amortisation             | 4    |  |                       | 0.3                 | 0.3                 | 0.3                  |
| Underlying tax adjustment           | 5    |  |                       |                     | (3.8)               | (6.2)                |
| Amortisation of certain intangibles | 6    |  |                       |                     |                     | 8.1                  |
| <b>FY19 Underlying results</b>      |      | <b>402.2</b>                               | <b>106.1</b>          | <b>70.3</b>         | <b>53.2</b>         | <b>58.9</b>          |

# Directors' Report

## Operating and Financial Review (continued)

### Review of Financials (continued)

#### Summary of Financial Performance (continued)

For completeness, a reconciliation of the FY18 statutory to underlying actual results is also summarised below:

|                                     | Note | Revenue and other income<br>\$ millions | EBITDA<br>\$ millions | EBIT<br>\$ millions | NPAT<br>\$ millions | NPATA<br>\$ millions |
|-------------------------------------|------|---|-----------------------|---------------------|---------------------|----------------------|
| <b>FY18 statutory results</b>       |      | <b>303.8</b>                            | <b>84.9</b>           | <b>61.9</b>         | <b>38.0</b>         | <b>38.0</b>          |
| Acquisition costs                   | 1    |   | 2.3                   | 2.3                 | 2.3                 | 2.3                  |
| Capital raising costs               | 2    |   |                       | 0.8                 | 0.8                 | 0.8                  |
| Integration costs                   | 3    |   | 6.5                   | 6.5                 | 6.5                 | 6.5                  |
| Prepayment amortisation             | 4    |   |                       | 0.3                 | 0.3                 | 0.3                  |
| Underlying tax adjustment           | 5    |   |                       |                     | (2.3)               | (3.4)                |
| Amortisation of certain intangibles | 6    |   |                       |                     |                     | 3.7                  |
| <b>FY18 Underlying results</b>      |      | <b>303.8</b>                            | <b>93.7</b>           | <b>71.8</b>         | <b>45.6</b>         | <b>48.2</b>          |

Notes accompanying tables above:

- Acquisition costs of \$22.3 million (2018: \$2.3 million) includes \$14.8 million in stamp duty relating to DADI acquisition, \$6.4 million of fees paid to advisers related to the acquisition of businesses that will not be recurring as well as an additional \$1.1 million of other acquisition costs related to travel, employee and other costs.
- Capital raising costs incurred of \$0.7 million (2018: \$0.8 million) relates to the amortisation of performance rights granted as a transactional bonus during the year ended 30 June 2017 following the completion of the IPO. The amount has now been fully amortised during the financial year ended 30 June 2019.
- Integration costs represent the costs incurred by BINGO to integrate businesses acquired, or to be acquired, into the Group. Integration costs include bringing the operations in line with BINGO safety standards, compliance costs, marketing and rebranding, travel and employee costs.
- As part of an acquisition made during FY15 the Group pre-paid a portion of consideration to the vendor which was linked to the vendors continued employment. As certain employment conditions are satisfied the prepayment is amortised and recognised as remuneration expense. The amount will be fully amortised by the financial year ending 30 June 2020.
- Represents the income tax impact of the underlying adjustments (excluding acquisition costs), calculated at 30%.
- Includes the amortisation expense of certain intangibles being: (a) Customer contracts; (b) Brands; and (c) Landfill void.

Observations for the full-year include:

- Total revenue and other income of \$402.2 million, an increase of \$98.4 million or 32.4% from \$303.8 million in the PCP.
- Underlying EBITDA of \$106.1 million, being an increase of \$12.4 million or 13.2% on the PCP.
- Statutory NPAT of \$22.3 million, a decrease of 41.4% on the PCP.
- Underlying NPAT of \$53.2 million, an increase of 16.6% on the PCP.
- Underlying Group EBITDA margin of 26.4%, down from 30.8% in the PCP.

Group underlying EBITDA margin decreased by 4.4% to 26.4%. This contraction in margin was largely due to:

- A faster than anticipated softening of the residential market impacting price and volume from the latter part of 1H19, together with increased market competition in Collections in 1H19 that led to reduced prices and a reduction in margin which affected the second half result;
- BINGO's network expansion program resulted in a number of sites being taken offline for redevelopment in 1H19. This impacted both the collections fleet efficiency and the network recycling rates;
- Ramp up in the VIC business initially at lower margins;
- This was partially offset by improved margins in 2H19, largely driven by the additional earnings from the DADI acquisition and the greater internalisation of volumes in NSW from the acquisition.

Total statutory expenses grew by 49.4% from \$248.6 million in FY18 to \$371.4 million in FY19. As a proportion of total revenue and other income, total statutory costs represented 92.3%, compared to 81.8% in the PCP. The absolute movement in costs was primarily driven by:

- Carrying costs as a result of delaying the BINGO annual price rise for customers.
- Increased volumes across all segments of the Group, leading to increased tipping costs, in combination with an increase in the price of fuel and toll fees.
- Increased investment in human capital and truck and machinery costs in line with growth of the business due to expansion of collections fleet as well as the post-collections footprint.
- Full 12 months impact of the VIC market.
- Increased corporate costs associated with acquisitions.

|                                     | Note | Full year ended<br>30 June 2019<br>\$ millions | Full year ended<br>30 June 2018<br>\$ millions | YoY<br>Variance<br>% |
|-------------------------------------|------|--|--|----------------------|
| Total bank borrowings               | 1    | 315.0  | 158.0  | 99.4%                |
| Net bank debt                       | 2    | 275.8  | 136.6  | 102.0%               |
| Underlying ROCE (%)                 | 3    | 9.2%   | 21.1%  | (11.9%)              |
| Net working capital (NWC)           | 4    | (1.1)  | (3.1)  | 64.3%                |
| Underlying operating free cash flow | 5    | 116.5  | 88.9   | 31.0%                |
| Cash conversion (%)                 | 6    | 109.8%   | 94.9%  | 14.9%                |

Notes:

1. Total Bank Borrowings = Bank loans only (Excludes Finance lease liabilities and Borrowing costs).
2. Net bank debt = Total Bank Borrowings – Cash.
3. Underlying ROCE (%) = (Underlying EBIT)/(Average net debt<sup>5</sup> + Average equity).
4. NWC = Current Assets – Current Liabilities.
5. Underlying operating free cash flow = operating cash flow + income tax paid + acquisition and integration costs paid + Rectification works<sup>6</sup>.
6. Cash Conversion = Underlying operating free cash flow/Underlying EBITDA.

5. Total borrowings less Cash.

6. Rectification works refers only to \$0.5 million for costs associated with Kembla Grange rectification works in FY19 and is expected to be fully recoverable (FY18: \$3.3 million).

# Directors' Report

## Operating and Financial Review (continued)

### Review of Financials (continued)

#### Summary of Financial Performance (continued)

Observations for the full-year include:

- During the period, the Group had total bank borrowings of \$315.0 million and net bank debt of \$275.8 million, up 102.0% against PCP which was predominately due to the payment of the cash component for the acquisition of DADI in March 2019.
- Underlying operating free cash flow up 31.0% to \$116.5 million. Strong focus by management on cash collection, achieving operating cash conversion of 109.8%, above the Group target of >90%.
- Underlying Return on Capital Employed (ROCE) of 9.2%. Underlying ROCE was impacted by the acquisition of DADI and capital outlay associated with the network redevelopment program with income not yet realised (Mortdale, Patons Lane and West Melbourne). We expect Underlying ROCE to improve towards the Group ROCE target of 15% when the cash flow benefit of recent acquisitions and benefits of the redevelopment activities are realised.
- Net working capital ("NWC") deficit of \$1.1 million, a \$2.0 million reduction in the deficit from PCP.

The Group has a principal debt facility of \$400 million (plus an accordion facility of up to \$100 million). This facility matures in August 2021. The facility was drawn down to \$315.0 million as at 30 June 2019.

Underlying operating free cash flow for FY19 was \$116.5 million, up from \$88.9 million in FY18, with cash conversion of 109.8% in FY19. The Company's Net Working Capital deficit was \$1.1 million, a reduction in the deficit from \$3.1 million in the PCP.

Capital expenditure has historically comprised expenditure on maintenance, growth projects and investment in the truck and bin fleet, as well as the acquisitions of the businesses. Capital expenditure during FY19 was \$232 million which included:

- \$48 million for growth and maintenance capex.
- \$34 million for the purchase of Greenacre, Braeside and Tomago facilities and other property additions.
- \$20 million for settlement of Revesby and Smithfield finance lease options.
- \$30 million related to the acquisition of Patons Lane land.
- \$100 million for development projects.

### Operating Sectors

As noted above, BINGO currently reports across three operating segments – Collections, Post-Collections and Other.

#### I. Collections

| Collections                     | Full year ended<br>30 June 2019<br>\$ millions | Full year ended<br>30 June 2018<br>\$ millions | YoY Variance<br>% |
|---------------------------------|--|--|-------------------|
| Revenue and other income        | 213.5  | 176.9  | 20.7%             |
| Statutory and Underlying EBITDA | 38.4   | 41.6   | (7.8%)            |
| EBITDA margin (%)               | 18.0%  | 23.5%  | (5.5%)            |

BINGO collects and transports waste from customers to post-collections facilities across two categories – BINGO Bins (B&D) and BINGO Commercial (C&I).

Collections revenue and other income grew 20.7% to \$213.5 million from \$176.9 million in the PCP, primarily driven by BINGO's increased collections fleet across both B&D and C&I waste streams as well as a full period contribution from the VIC operations and partial year contribution from DADI. Strong focus on growing the C&I business with 19% year-on-year revenue growth achieved in FY19. The EBITDA margin is 5.5 percentage points down on PCP due to a softening residential construction market and competitor pricing pressures experienced from late 2018. Despite pricing holding flat from January 2019, the reduced EBITDA margin reflects the full six-month impact at lower prices. BINGO price rise was implemented from 1 July 2019, which is expected to deliver margin expansion in Collections in FY20.

## Outlook and strategic focus

The Group will continue to leverage its existing operational footprint to target the pipeline of critical infrastructure projects, commercial opportunities and residential and non-residential construction. BINGO has a solid base of infrastructure work in hand, recent contract wins and work to tender which provides revenue visibility into FY20. BINGO B&D collections revenue represents 76% of total Collections revenue. BINGO's 5-year strategy is to diversify collections revenue to 40% C&I revenue over four years, utilising the sustained level of construction expenditure over the next 3-4 years to achieve this mix.

Growth from multi dwelling residential projects in Australia is expected to soften further into FY20. The Australian Construction Industry Forum (ACIF) forecast a contraction of 1.5% this year (2018-19) to \$103 billion and steeper falls in residential building activity in 2019-20 and 2020-21, which is expected to contract to \$91 billion by 2020-21. Headwinds in the construction market, specifically residential construction are expected to continue over the next 12-18 months.

There are significant infrastructure projects underway and under planning in most states across Australia. The NSW Government has an \$87 billion capital program over the years 2021-22 which includes many large transport and water infrastructure projects. VIC's "Big Build" involves a \$57 billion commitment to road and rail projects.

Population growth in NSW and VIC is expected to continue to increase underpinned by migration and economic prosperity, providing favourable drivers for waste generation over the long-term. Overall, net favourable macroeconomic tailwinds for Collections are expected to continue to be underpinned by economic and population growth and sustained infrastructure activity.

## II. Post-Collections

| Post collections                | Full year ended<br>30 June 2019<br>\$ millions | Full year ended<br>30 June 2018<br>\$ millions | YoY Variance<br>% |
|---------------------------------|--|--|-------------------|
| Revenue and other income        | 243.8  | 172.6  | 41.3%             |
| Statutory and Underlying EBITDA | 67.2   | 48.7   | 37.9%             |
| EBITDA margin (%)               | 27.6%  | 28.2%  | (0.6%)            |

BINGO's Post-Collections business consists of a network of transfer stations, recycling centres and landfill facilities located across NSW and VIC. BINGO diverts waste from landfill by sorting and processing mixed waste received from the Building and Demolition (B&D) and Commercial and Industrial (C&I) market to be reused, recycled or sent to other facilities for further processing. BINGO's post-collections network currently consists of 15 sites located in NSW and 5 sites in VIC.

Post-Collections revenue and other income increased to \$243.8 million which represents a 41.3% improvement on the PCP. Higher barriers to entry in Post-Collections has insulated EBITDA margin, relative to the Collections segment. Post-Collections EBITDA margin decreased by 0.6 percentage points to 27.6% from 28.2% in FY18 which reflects increased costs absorbed for FY19 as a result of no annual price rise and tipping and transport costs associated with sites being offline.

## Outlook and strategic focus

BINGO has invested heavily in its strategic network of post-collections facilities across NSW and VIC. This investment has positioned the Company for future growth, by having the ability to internalise and process greater waste volumes (both from external customers and BINGO's collections operations) and achieve resource recovery rates in excess of 75%.

During the year, BINGO announced its NSW network reconfiguration plans as part of the DADI integration. The reconfiguration involves rationalising some sites and converting other BINGO facilities into transfer stations to attract and aggregate waste volume for processing at BINGO's integrated recycling assets at Auburn, Eastern Creek and Patons Lane. BINGO's network reconfiguration is expected to enhance operational efficiencies for transport and tipping operations and reduce the operating costs of the network. Patons Lane commenced its recycling operations in July 2019, which added a further 450,000 tonnes of capacity to the network in NSW across recycling and landfill.

The strategic focus over the next 12 months in NSW is in optimising the network of existing facilities including the successful opening of Patons Lane; completing the announced network reconfiguration plan and constructing Materials Processing Centre (MPC) 2 at Eastern Creek together with the completion of Mortdale resource recovery centre, which will increase recycling capacity within the network. In VIC the post-collections strategy is centred on increasing recovery rates and internalisation of waste volumes to enhance margin growth.

An increased focus from federal and state governments and the private sector on corporate social responsibility and achieving greater diversion rates from landfill is expected to benefit BINGO's business model to bid and win more work across both B&D and C&I waste streams.

# Directors' Report

## Operating and Financial Review (continued)

### Operating Sectors (continued)

#### III. Other

| Other                            | Full year ended<br>30 June 2019<br>\$ millions | Full year ended<br>30 June 2018<br>\$ millions | YoY Variance<br>% |
|----------------------------------|--|--|-------------------|
| Revenue and other income         | 31.1   | 27.8   | 12.2%             |
| Statutory EBITDA                 | (33.2)   | (5.5)  | (506.0%)          |
| Underlying EBITDA <sup>(1)</sup> | 0.5  | 3.3  | (85.1%)           |
| Statutory EBITDA margin (%)      | (106.5%)                                       | (19.7%)  | (86.8%)           |
| Underlying EBITDA margin (%)     | 1.6%   | 11.9%  | (10.3%)           |

1. Other underlying EBITDA includes an adjustment of \$11.4 million (FY18 \$6.5 million) for integration costs and \$22.3 million for acquisition costs (FY18 \$2.3 million) incurred by BINGO to integrate businesses acquired into the Group. Integration costs include bringing the operations in line with BINGO standards, compliance costs, marketing, travel and employee costs.

Other includes the manufacture and sale of bins for both BINGO's collections operations and for external customers through TORO, as well as unallocated corporate costs which includes integration costs. TORO is an important driver of BINGO's ability to provide high service levels to BINGO Bins and BINGO Commercial customers by ensuring that BINGO has sufficient supply of waste equipment to meet BINGO's standards of quality and growth objectives. TORO has three manufacturing facilities located in NSW, VIC and QLD.

Other revenue and other income increased to \$31.1 million, a 12.2% increase against the PCP. Growth in revenue was largely driven by increased waste volumes driving demand for bins from BINGO and external customers as well as the entry into VIC; external revenue and other income represented 56% of FY19 revenue. The underlying TORO business continues to perform well with revenue up 11% year-on-year. Underlying EBITDA decreased from \$3.3 million to \$0.5 million and underlying EBITDA margin is 1.6%, a reduction of 10.3 percentage points from the PCP, primarily driven by an increase in corporate costs.

#### Outlook and strategic focus

TORO sales in FY20 are expected to benefit from the rebranding and refurbishment of bins associated with the DADI integration; although the residential headwinds might soften some demand. TORO continues to target expansion into mechanical waste equipment as an area for future growth and diversification supporting BINGO's five-year strategy to achieve 50:50 revenue from B&D and C&I collections. Increasing waste volumes in the market, underpinned by favourable economic drivers, provides TORO with a significant opportunity for future organic growth servicing both BINGO and external customers.

## Strategy and Outlook

### Group strategy

The Company vision is: *Pushing for a waste-free Australia*. Our approach to sustainability is borne out of our vision, it informs our strategy and is central to everything we do.

Our Group strategy remains unchanged, our principal strategic intent is diversion of waste from landfill through: a recycling-led solution; investment in technology; continuous innovation to enhance sustainability outcomes; and maximise returns. For BINGO, disruption and innovation are fundamental to our growth story.

BINGO's Group Strategic Framework is based on three key enablers of BINGO's growth:

- **Protect and optimise the core** – ensure we preserve and grow our key competitive edge – customer and technology centric business model with a recycling-led solution.
- **Enhanced vertical integration** – Targeting greater internalisation of our volumes and increasing diversion from landfill for both putrescible and non-putrescible waste.
- **Geographic expansion** – Expansion of our operating footprint along the East Coast of Australia, concentrating on markets with favourable growth drivers.

These enablers are underpinned by five key strategic priorities. During the year we further refined our five priorities to be:

- **Zero harm** – zero harm to our people and the environment.
- **Customer service** – continuously improving our customer value proposition.
- **Growth and innovation** – through operational best practice and industry leadership.
- **Sustainability** – earning our social licence to operate.
- **Develop and retain talent** – invest in our people, growing future leaders.

Over the next 12 months our strategic focus is on “optimising the core” through organic growth, business optimisation and consolidation in our existing markets. This will allow us to complete the integration of DADI, deliver efficiencies across our operating footprint and ensure we have the right foundations in place to continue to execute on our strategy.

### Environment, Social and Governance

BINGO’s business model is underpinned by a focus on sustainable growth that benefits all its stakeholders. BINGO’s core focus is on diverting waste from landfill that could otherwise be recovered or recycled through investing in new technology to increase recovery rates. For the third consecutive year we voluntarily audited our recovery rates. This year we expanded the audit to include our newly acquired Eastern Creek facility. For FY19 we achieved an average recovery rate of 77%, in line with last year’s recovery rate of 77%.

We transparently report on our sustainability objectives and performance through various key performance indicators (KPIs) and our annual Sustainability Report.

### Industry dynamics and market outlook

Australia’s waste industry has seen significant change in recent years. The challenges facing our industry provide opportunities to help shape and improve the landscape in Australia for future generations. By making changes today we are working to mitigate future risks, uncover opportunities and be stewards for sustainable growth.

The release of Australia’s updated National Waste Policy, China’s import restrictions on recyclables and Queensland’s reintroduction of a waste levy, has resulted in a shift in the regulatory landscape. Together with greater media scrutiny highlighting Australia’s waste crisis, these factors have elevated waste as an important strategic and material risk for organisations and governments.

The Australian waste sector is characterised by strong growth fundamentals and there are a number of key factors that are expected to continue to drive increased waste generation and demand for waste management services, principally:

- economic prosperity;
- increasing population growth;
- urbanisation in metropolitan areas;
- rising environmental awareness and more stringent Government waste regulations favouring recycling and diversion from landfill; and
- pipeline of infrastructure and construction activity.

BINGO expects medium-term revenue growth to continue at above Gross Domestic Product (“GDP”) growth levels.

B&D waste is generated as a result of infrastructure, construction and demolition activity, which represents the largest waste category by volume in Australia<sup>7</sup>. Despite the slow-down in multi residential activity, there are significant infrastructure projects underway and under planning in most states across Australia. The NSW Government has an \$87 billion capital program over the years 2021-22 which includes many large transport and water infrastructure projects. VIC’s “Big Build” involves a \$57 billion commitment to road and rail projects. This infrastructure pipeline across NSW and VIC is expected to underpin stable growth in B&D waste volumes over the short to medium-term, with BINGO securing several contracts for waste management services to these projects. Under the Greater Sydney Region Plan, by 2056, Greater Sydney will be a metropolis of ‘three cities’ – a Sydney CBD City, Parramatta City and Western Sydney Aerotropolis<sup>8</sup>. Newcastle, Wollongong and Gosford will be important economic hubs with key transport and freight gateways, and strong service-based industries. The development of Western Sydney Aerotropolis is a catalyst for future construction activity in Sydney and BINGO remains well positioned to benefit from this development. Over the short to medium term, growth from multi-dwelling residential projects in NSW and VIC is expected to continue to soften.

7. Australian National Waste Report, 2016.

8. Greater Sydney Commission, A Metropolis of three cities – connecting people, October 2017.

# Directors' Report

## Operating and Financial Review (continued)

### Strategy and Outlook (continued)

C&I waste is generated from a range of commercial and industrial activities by both businesses and government. Therefore, the outlook for the market can be observed with reference to the NSW and VIC economies. VIC and NSW economies benefit from solid population growth and strong job markets, driving retail spending and business investment. BINGO Commercial continues to pursue growth and capture market share in the C&I segment with significant success in tendering for large customer contracts over the last 12 months. BINGO Commercial has achieved a win rate of approximately 35% in Commercial tenders. BINGO is seeking to continue to gain market share through leveraging its integrated post collections network and market leading recovery rates, BINGO Live operating system and TORO's capabilities in delivery of high-quality bins and waste equipment to newly contracted customers.

### Outlook and guidance

The Group will continue to pursue strategies aimed at improving the profitability, ROCE and market position of its principal activities.

## Significant Changes in the State of Affairs

### Debt refinance

On 20 August 2018, the Group refinanced its principal debt facility, increasing the facility from \$200 million to \$400 million (plus an accordion facility of up to \$100 million). The prior debt facility was established around the time of the IPO, the increase in size of the facility is now aligned with the current scale of operations and finance requirements of the business. The new facility extends the maturity dates from July 2020 to August 2021 and provides greater flexibility to manage the business while the administration of the facility has been simplified.

### Completion of Dial-A-Dump Industries (DADI) Acquisition and \$425 million Entitlement Offer

On 21 August 2018, the Group announced it had entered into a binding agreement to acquire DADI for an enterprise value of \$577.5 million. Consideration for the acquisition comprised \$377.5 million in cash and the residual in BINGO shares issued to the vendors of DADI at completion of the acquisition.

DADI is a fully integrated waste management business in NSW with operations across the waste value chain from collections to recycling, landfill and recycled product sales. Assets acquired through the acquisition include:

- Genesis Transfer Station in Alexandria, NSW;
- Genesis Waste Facility (landfill, materials processing facility and recycled product processing facility) in Eastern Creek, NSW; and
- Collections fleet of approximately 55 vehicles.

Following Australian Competition and Consumer Commission ("ACCC") approval of the transaction, the acquisition was completed in March 2019. As part of the approval, the ACCC accepted an undertaking from BINGO to divest its recycling facility in Banksmeadow NSW.

The acquisition was partly funded by an underwritten 1 for 2.48 pro-rata accelerated, non-renounceable entitlement offer priced at \$2.54 per ordinary share, which raised approximately \$425 million during the period. The residual of the consideration for the acquisition was satisfied by the issue of new BINGO shares to the vendors at \$2.54 per ordinary share upon completion of the acquisition.

Please refer to the ASX announcement and investor presentation dated 21 August 2018, which provides shareholders with more detail in respect to the equity raising and acquisition. Reference may also be made to the ASX announcements dated 28 February 2019 for further information on the Banksmeadow facility divestiture undertaking accepted by the ACCC.

### On-market share buy-back

On 28 February 2019 BINGO announced the implementation of an on-market buy-back of up to \$75 million of its ordinary shares over 12 months. The buy-back will be conducted within the "10/12 limit" in accordance with the *Corporations Act 2001* (Cth). The timing and number of shares purchased under the on-market buy-back will be contingent on BINGO's share price and prevailing market conditions. BINGO reserves the right to vary, suspend or terminate the on-market buy-back at any time.

## Matters Subsequent to the End of the Financial Year

### Final dividend

On 22 August 2019, the Directors of the Company declared a final dividend on ordinary shares with respect to the year ended 30 June 2019. The total amount of the dividend is \$13.2 million, which represents a fully franked dividend of 2.00 cents per share. The dividend has not been provided for in the financial statements for the year ended 30 June 2019.

### Patons Lane operational

Patons Lane was acquired in December 2017 as a greenfield resource recovery and landfill asset located in Western Sydney. Construction of the Patons Lane asset has taken place over the last 18 months, which included excavation and construction of the landfill cell, dewatering of the quarry void and construction of the recycling facility. Patons Lane commenced its recycling operations in July 2019. In light of the DADI acquisition, BINGO optimised the plant design for Patons Lane and expects to install the full advanced recycling equipment at Patons Lane prior to the end of 1H20.

### Exercise of Land Option

In July 2019, the Group exercised an option over land and buildings at Minto for \$4.25 million (Refer to Note 13 for further details).

Other than the above, there have been no other matters or circumstances that have arisen since 30 June 2019 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs.

## Likely Developments and Expected Results of Operations

The Group expects the results to grow in future years, largely driven by its strategy to provide a differentiated approach to waste management and its investment in recycling infrastructure and collections capacity. This approach is centred on targeting a high level of service, supported by scale efficiencies, internally developed customer management technology, a strategic network of resource recovery and recycling infrastructure and vertical integration across waste collection, separation, processing and recycling. The Group expects earnings growth and cash flows to continue as a result of continued organic growth across its diversified customer base; recent and ongoing investment across its network to expand operational capability and geographical reach.

Additional comments on the operations of the Group, its strategies and prospects are set out in the Operating and Financial Review on pages 82 to 90 of this financial report.

## Environmental Regulation

The Group is subject to significant environmental regulation under Australian Commonwealth or State law and holds environmental licences for its sites.

The Group is committed to achieving the highest standards of environmental performance.

The Environment Protection Authority (EPA) had commenced proceedings against Mortdale Recycling Pty Ltd and Minto Recycling Pty Ltd in respect of throughput exceedances at each of the Mortdale and Minto facilities. Subsequent to year end the Mortdale proceedings have concluded with a fine of \$30,000 imposed. As the Minto matter is still before the Court it is not possible to foreshadow the penalty that may be imposed, however BINGO is of the view that any penalty will not be material to earnings.

There were no other material breaches of environmental statutory requirements and no other material prosecutions during the year.

# Directors' Report

## Information on Directors

The following information is current as at the date of this report.

Particulars of Directors qualifications, experience and special responsibilities can also be found on the Company's website.

| Name   | Particulars  |
|--|--|
| <p><b>Michael Coleman</b><br/> <b>Chairman</b><br/> <i>Non-Executive Director</i><br/> <i>FAICD, FCA, FCPA</i></p> <p>Member of the People and Culture Committee<sup>(i)</sup></p>   | <ul style="list-style-type: none"> <li>• A former senior audit partner with KPMG for 30 years with significant experience in risk management, financial and regulatory reporting and corporate governance.</li> <li>• Currently a Non-Executive Director and Chairman of the Audit Committee at Macquarie Group Limited, Board Member of the Australian Institute of Company Directors and a Director and Chair of the Audit Committee of Legal Aid NSW.</li> <li>• Other current roles include Adjunct Professor, University of New South Wales, Chairman of Planet Ark Environmental Foundation, a member of the Board of Governors of the Centenary Institute and Board member of the Belvoir St Theatre Foundation.</li> </ul>           |
| <p><b>Maria Atkinson AM</b><br/> <b>Non-Executive Director</b><br/> <i>BAppSc, GAICD</i></p> <p>Chair of the People and Culture Committee<sup>(i)</sup></p> <p>Member of the Audit and Risk Committee</p> <p>Member of Zero Harm Committee</p> | <ul style="list-style-type: none"> <li>• Internationally recognised sustainability strategist with numerous previously held corporate roles including Global Head of Sustainability and Executive for Lend Lease and in the not-for-profit sector as Founding Chief Executive Officer of the Green Building Council of Australia.</li> <li>• Maria currently holds Non-Executive Director positions including at the LafargeHolcim Foundation for Sustainable Construction (Switzerland), The US Studies Centre (Australia) and is a graduate of the Australian Institute of Company Directors.</li> <li>• Maria was the Eastern District Commissioner for the Greater Sydney Commission leading strategic planning for the city.</li> </ul> |
| <p><b>Richard England</b><br/> <b>Non-Executive Director</b><br/> <i>FCA, MAICD</i></p> <p>Chair of the Audit and Risk Committee</p> <p>Member of the People and Culture Committee<sup>(i)</sup></p>   | <ul style="list-style-type: none"> <li>• Currently Chairman of QANTM Intellectual Property Limited, Non-Executive Chairman of Automotive Holdings Group Limited and Non-Executive Director of Japara Healthcare Limited.</li> <li>• Retired as Non-Executive Director of Atlas Arterial Limited (formerly Macquarie Atlas Roads Limited) on 30 November 2018.</li> <li>• 15 years of experience at Ernst &amp; Young, mostly in the Corporate Recovery and Insolvency division, was a partner from 1988 to 1994 and an executive consultant from 1994 to 2003.</li> <li>• Member of the Australian Institute of Company Directors.</li> </ul>  |
| <p><b>Daniel Girgis, CFA</b><br/> <b>Non-Executive Director</b><br/> <i>AppFin, Bcom – ActStud</i></p> <p>Member of the Audit and Risk Committee</p>   | <ul style="list-style-type: none"> <li>• Daniel Girgis has had an involvement with BINGO for almost a decade. Mr Girgis has supported the executive team and its vision to grow BINGO from its early days as a skip bin collection operation to a fully integrated national waste business.</li> <li>• Mr Girgis' financial and corporate advisory background has enabled him to play a significant role in the many acquisitions BINGO has made over the years. He holds a Bachelor in Commerce majoring in Actuarial Studies and a Chartered Financial Analyst (CFA) designation.</li> </ul>   |
| <p><b>Ian Malouf</b><br/> <b>Non-Executive Director</b></p>  | <ul style="list-style-type: none"> <li>• Ian joined the Board in March 2019 following the completed acquisition of Dial-A-Dump Industries by BINGO.</li> <li>• Since founding DADI in 1984, Ian grew the business into a leading resource recovery and recycling business in NSW through commercial and industrial real estate acquisitions and the development of innovative technology.</li> <li>• Ian brings over 35 years of waste management operations expertise and an extensive track record of development execution.</li> <li>• He retains interests in other waste-related activities independent of BINGO, as well as interests in commercial real estate development and the leisure sector.</li> </ul>                         |

(i) On 30 July 2018 the Nomination and Remuneration Committee was renamed to People and Culture Committee.

| Name   | Particulars   |
|--|---|
| <b>Barry Buffier AM</b><br><b>Non-Executive Director</b><br>FAICD, B.Rur Sc(hons), M Econs<br>Chair of the Zero Harm Committee | <ul style="list-style-type: none"> <li>• Extensive career in the public and private sector, most recently holding the role as Chairman and CEO of the NSW Environment Protection Authority (EPA) from 2012 to 2018.</li> <li>• Between 2009 to 2012, Mr Buffier was Deputy Director General of Industry and Investment NSW.</li> <li>• Prior to this he held Director-General roles at both the NSW Department of State and Regional Development and NSW Department of Primary Industries</li> <li>• 1993-2001, National Manager, Agribusiness, at Westpac.</li> </ul>  |
| <b>Daniel Tartak</b><br><b>Managing Director and Chief Executive Officer</b><br>MAICD  | <ul style="list-style-type: none"> <li>• Daniel brings deep industry knowledge and connectivity to his role of CEO, having spent the last 14 years in the waste industry.</li> <li>• Leading BINGO as CEO since July 2015, Daniel has been integral in the formation and execution of the business strategy, including listing on the ASX and more recently, geographical expansion and vertical integration.</li> <li>• Experienced in leading large, geographically dispersed teams and with a strong passion for people. Daniel has successfully led BINGO's expansionary strategy including overseeing several successful acquisitions, and most recently the acquisition of Dial-A-Dump Industries in 2019.</li> <li>• Daniel is an innovative leader with a vision to create the first vertically integrated Recycling Ecology Park in Australia at the newly acquired Eastern Creek facility.</li> <li>• Member of the Australian Institute of Company Directors.</li> </ul> |

## Directors' Meetings

The number of Directors' meetings and Committee meetings, and the number of meetings attended by each of the Directors who was a member of the Board and the relevant Committee, during the financial year were:

| Directors                      | Board Meetings                 |                   | Audit and Risk Committee       |                 | People and Culture Committee <sup>4</sup> |                 | Zero Harm Committee <sup>5</sup> |                 |
|--------------------------------|--------------------------------|-------------------|--------------------------------|-----------------|---|-----------------|----------------------------------|-----------------|
|                                | Meetings Held While a Director | Number Attended   | Meetings Held While a Director | Number Attended | Meetings Held While a Director            | Number Attended | Meetings Held While a Director   | Number Attended |
| Michael Coleman <sup>1</sup>   | 14                             | 13 <sup>(i)</sup> | –                              | –               | 4   | 4               | –                                | –               |
| Maria Atkinson AM <sup>3</sup> | 14                             | 14                | 5                              | 5               | 4   | 4               | 1                                | 1               |
| Richard England <sup>2</sup>   | 14                             | 14                | 5                              | 5               | 4   | 4               | –                                | –               |
| Daniel Girgis                  | 14                             | 13                | 5                              | 5               | –   | –               | –                                | –               |
| Ian Malouf                     | 3                              | 1                 | –                              | –               | –   | –               | –                                | –               |
| Barry Buffier AM <sup>6</sup>  | 14                             | 14                | –                              | –               | –   | –               | 1                                | 1               |
| Daniel Tartak                  | 14                             | 14                | –                              | –               | –   | –               | –                                | –               |

(i) Leave of absence granted for medical reasons.

1. Chair of the Board. As Chair, Mr Coleman attends all Committee meetings.
2. Chair of Audit and Risk Committee.
3. Chair of People and Culture Committee.
4. On 30 July 2018 the Nomination and Remuneration Committee was renamed to People and Culture Committee.
5. The Zero Harm Committee was established on 9 May 2019.
6. Chair of the Zero Harm Committee.

# Directors' Report

## Directors' Interests

The relevant interest of each Director in the shares and performance rights over such issued by Bingo Industries Limited, as notified by the Directors to the Australian Securities Exchange in accordance with section 205G(1) of the Corporations Act 2001, as at 30 June 2019 are as follows:

| Directors         | Ordinary Shares | Performance Rights over Ordinary Shares |
|-------------------|-----------------|---|
| Michael Coleman   | 187,272         | –                                       |
| Maria Atkinson AM | 61,166          | –                                       |
| Richard England   | 73,602          | –                                       |
| Daniel Girgis     | 55,555          | –                                       |
| Ian Malouf        | 79,836,835      | –                                       |
| Barry Buffier AM  | 60,000          | –                                       |
| Daniel Tartak     | 99,308,198      | 433,147                                 |

## Shares Under Option

During the year ended 30 June 2019 and up to the date of this report, no options were granted over unissued shares. As at the date of this report there are no unissued ordinary shares of the company under option.

Details of performance rights granted under the short-term incentive plan and long-term incentive plan offers in the 2019 financial period are set out in the Remuneration Report. Total performance rights outstanding as at 30 June 2019 are 2,989,230 (2018: 1,681,154). Performance rights outstanding at the date of this report are 1,911,692.

## Shares Issued on the Exercise of Performance Rights

During the year ended 30 June 2019 and up to the date of this report, the Company issued 1,073,683 shares as a result of the exercise of performance rights that vested during the year (2018: Nil).

## Indemnity and Insurance of Officers

The Company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Rounding of Amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

## Indemnity and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

## Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 35 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The Directors are of the opinion that the services as disclosed in Note 35 to the financial statements do not compromise the external auditor's independence, based on advice received from the audit committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

## 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 109.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



**Michael Coleman**  
Non-Executive Director and Chair



**Daniel Tartak**  
Managing Director and Chief Executive Officer

22 August 2019  
Sydney

# Remuneration Report (audited)

## A message from our Chair of the People and Culture Committee

Dear Shareholder,

The preservation of the core of the BINGO culture in another year of extraordinary growth has been key to the successful integration of people from the various businesses we have acquired into our 'Bingo Way'. Having a unified culture is critical.

Throughout the last year we have achieved notable success – namely, the full integration of our acquisitions, growth in our Victorian network, the completion of major redevelopments and the transformational purchase of Dial-A-Dump Industries ('DADI').

A commitment to safety is fundamental to our culture and strategy. It is with regret that we experienced tragic fatalities which heighten our resolve to take the necessary steps at all times to think safe, be safe and go home safe. Substantial lessons have been learned as a result of reflection, assessment and the implementation of corrective and protective strategies.

Financial Year 2019 was a transitional year for BINGO; the development program, which is now largely complete, together with the acquisition of DADI, has transformed our operating footprint and provides a platform for future growth from FY20. We are on track to deliver significant synergies from this acquisition and we continue to reconfigure our network to maximise operational transport and tipping efficiencies. Our growth in the Victorian market continues, providing new and innovative solutions through the introduction of our technologies at our new West Melbourne facility. The financial results for FY19 are best illustrated by revenue growth of 32.4% and underlying EBITDA growth of 13.2%.

Our reward plan continues to mature in order to align to our business strategy and support further sustainable growth. This year's learning has resulted in some changes to our rewards plan for FY20, most notably, the replacement of the 'Relative EPS' measure with a 'Return on Capital Employed' ('ROCE') measure with a 'Weighted Average Cost of Capital' ('WACC') gate.

Our contemporary approach to rewards aligns our Executive Leadership Team, drives collaborative behaviours and ensures coordination of activities and responsibilities across the business to encourage out-performance and the sustainable positive growth of BINGO. We will continue to listen and learn from best practice examples to ensure an appropriate balance between short and long term focus, and align employee interests to those of our shareholders. We remain committed to ensuring a disciplined approach to pay for performance and this is reflected in the outcomes of this year's awards. The significance of the events during FY19 have resulted in no STI components being awarded for FY19.

On behalf of the People and Culture Committee, I present to you the BINGO Remuneration Report for the financial year 2019.



**Maria Atkinson, AM**

Chair, People and Culture Committee

22 August 2019  
Sydney



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## 1. Executives and Non-Executive Directors Covered by This Report

The following Executives and Non-Executive Directors are considered Key Management Personnel (KMP) for the year ended 30 June 2019 and are covered by this report.

### Chief Executive Officer and Senior Executive Leaders

| Name           | Position                                      | Time as KMP             |
|----------------|---|-------------------------|
| Daniel Tartak  | Managing Director and Chief Executive Officer | Full Year               |
| Anthony Story  | Chief Financial Officer                       | Full Year               |
| Chris Jeffrey  | Chief Development Officer                     | Full Year               |
| Geoffrey Hill  | Chief Executive – VIC                         | Full Year               |
| Rodney Johnson | Chief Executive – Building and Demolition NSW | Appointed 26 March 2019 |

Note: There are no former Senior Executive Leaders to report on. The term Senior Executive Leader refers to all of the Executives listed above, unless specifically stated otherwise.

### Non-Executive Directors

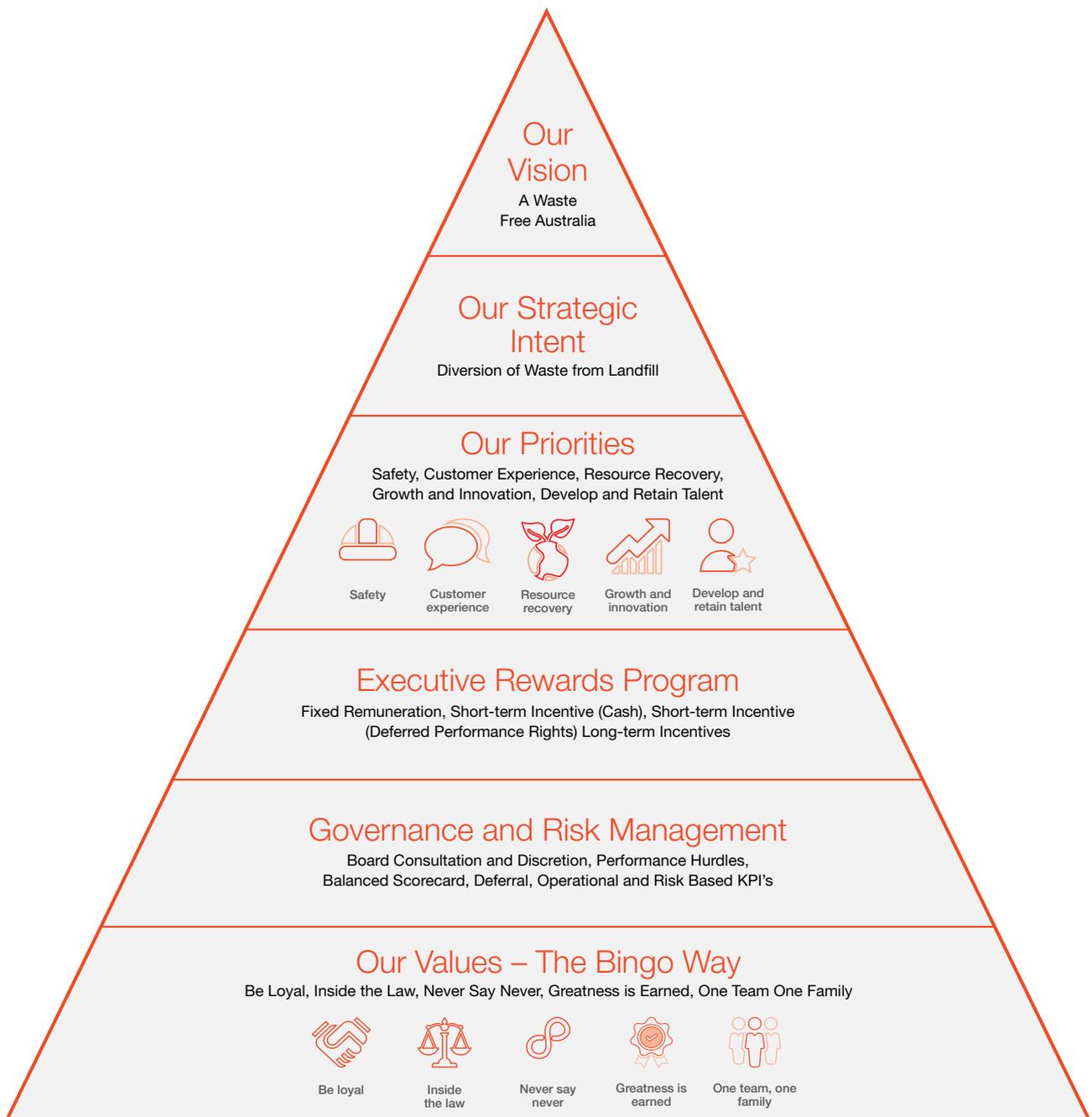
| Name              | Position                      | Time as KMP             |
|-------------------|-------------------------------|-------------------------|
| Michael Coleman   | Chair, Non-Executive Director | Full Year               |
| Maria Atkinson AM | Non-Executive Director        | Full Year               |
| Richard England   | Non-Executive Director        | Full Year               |
| Daniel Girgis     | Non-Executive Director        | Full Year               |
| Barry Buffier AM  | Non-Executive Director        | Appointed 2 July 2018   |
| Ian Malouf        | Non-Executive Director        | Appointed 29 March 2019 |

# Remuneration Report (audited)

## 2. Our Rewards Framework and Philosophy

Throughout its history, BINGO has placed strong importance on recognising and rewarding the significant contributions of key personnel. We continue this BINGO legacy, recognising the performance of our Senior Executive Leaders through the Executive Rewards Program, and all employees through other aligned reward and recognition programs in place across the BINGO Group.

Our Executive Rewards Program supports our vision and strategic intent. We will continue to evaluate its effectiveness in achieving the culture and performance desired and needed to achieve our strategic objectives. The following diagram outlines the framework that supports our Executive Rewards Program.



## Non-Executive Director Remuneration

Since IPO, the remuneration structure of Non-Executive Directors had not been reviewed or modified. As BINGO is now an established listed entity that has experienced significant growth since IPO, it was timely to review the remuneration structure and fees paid to Non-Executive Directors. This resulted in some changes to structure and fees during the past 12 months. In determining the outcomes benchmarking was completed to consider and provide feedback on:

- Fees paid to Board members of comparable publicly listed Australian companies;
- Operational and regulatory complexity; and
- Responsibility, workload and time required of each Board member.

The following table describes the adopted framework, with the main change in structure being a move from a bundled to unbundled approach. This provides clarity in, and recognition for, performance of different roles within the Board structure.

| Fee Type               | Amount    |
|------------------------|-----------|
| Chair of Board         | \$220,000 |
| Non-Executive Director | \$110,000 |
| Chair of Committee     | \$20,000  |
| Committee Member       | \$10,000  |

Our Non-Executive Directors do not receive performance or incentive based pay or lump-sum retirement benefits, with the exception of Daniel Girgis who received a one-off transactional bonus in 2017 on the completion of the IPO of the equivalent of \$100,000 in performance rights deferred for 2 years subject to remaining in office.

During FY19 the implementation of a minimum BINGO shareholding requirement for our Non-Executive Directors was agreed. All BINGO Non-Executive Directors and the Chair of the Board are required to acquire shares equal to 100% of the value of their annual base fee (as at time of purchase) within three years of appointment or within three years of the introduction of this requirement. Director shareholdings are disclosed in section 5 of this report.

The total amount payable (Board Fee Cap) to Non-Executive Directors as approved at the November 2018 Annual General Meeting has been set at \$1.5 million.

| Name                           | Year        | Short-term benefits  |          | Post employment benefits | Long-term benefits            |                      | Total            |
|--------------------------------|-------------|----------------------|----------|--------------------------|-------------------------------|----------------------|------------------|
|                                |             | Cash salary and Fees | STI      | Superannuation           | Annual and long service leave | Share based payments |                  |
| <b>Non-Executive Directors</b> |             |                      |          |                          |                               |                      |                  |
| Michael Coleman                | 2019        | \$197,500            | –        | –                        | –                             | –                    | \$197,500        |
|                                | 2018        | \$175,000            | –        | –                        | –                             | –                    | \$175,000        |
| Maria Atkinson                 | 2019        | \$131,425            | –        | –                        | –                             | –                    | \$131,456        |
|                                | 2018        | \$120,000            | –        | –                        | –                             | –                    | \$120,000        |
| Richard England                | 2019        | \$130,000            | –        | –                        | –                             | –                    | \$130,000        |
|                                | 2018        | \$120,000            | –        | –                        | –                             | –                    | \$120,000        |
| Daniel Girgis <sup>(i)</sup>   | 2019        | \$120,000            | –        | –                        | –                             | \$39,315             | \$159,315        |
|                                | 2018        | \$120,000            | –        | –                        | –                             | \$50,000             | \$170,000        |
| Barry Buffier <sup>(ii)</sup>  | 2019        | \$107,849            | –        | –                        | –                             | –                    | \$107,849        |
| Ian Malouf <sup>(iii)</sup>    | 2019        | \$27,500             | –        | –                        | –                             | –                    | \$27,500         |
| <b>Total</b>                   | <b>2019</b> | <b>\$714,274</b>     | <b>–</b> | <b>–</b>                 | <b>–</b>                      | <b>\$39,315</b>      | <b>\$753,620</b> |
| <b>Total</b>                   | <b>2018</b> | <b>\$535,000</b>     | <b>–</b> | <b>–</b>                 | <b>–</b>                      | <b>\$50,000</b>      | <b>\$585,000</b> |

(i) Daniel Girgis received a transactional bonus on the completion of the IPO of the equivalent of \$100,000 in performance rights deferred for 2 years subject to remaining in office.

(ii) Barry Buffier appointed 2 July 2018.

(iii) Ian Malouf appointed 29 March 2019.

# Remuneration Report (audited)

## 2. Our Rewards Framework and Philosophy (continued)

### Senior Executive Leader Remuneration

Our goal is to attract, retain and motivate a highly qualified and experienced management team with the necessary capabilities and attributes to lead our people in achieving our long and short-term objectives and create value for our shareholders. We are continually assessing, reviewing and improving our programs to enhance engagement and performance.

Our rewards program aims to encourage a collaborative approach in the pursuit of our outperformance goals by rewarding the achievement of both overall group and individual targets. The targets we have set are a mixture of financial and non-financial, they are challenging, clear and within the control of individuals to achieve either directly through their own actions or through the actions of the people that they lead. Pay in the variable context is directly linked to performance.

The objective of our Executive Rewards program is to ensure that it is competitive and appropriate against the outcomes and results achieved. Our aim is to reward our executives in line with market practice, taking into account their position, responsibilities and performance within the Group and benchmarked against average commensurate organisations. Our key components provide a mix of fixed and variable (at risk) pay and short and long-term incentives.

| Component            | Description  |
|----------------------|--|
| Fixed Remuneration   | Annual remuneration paid regularly in the form of base pay (cash), superannuation and where relevant other applicable allowances. This component is not at risk and is independently benchmarked against comparable roles.   |
| Short-Term Incentive | Annual, variable at risk opportunity, linked to the achievement of specific objectives in a given performance period. It is designed to achieve and exceed annual targets that contribute to building enterprise value. Targets are communicated at the start of the performance period as part of a balanced scorecard approach encompassing both financial and non-financial components. Each component is assessed individually to determine the incentive amount payable, provided particular gates (financial and non-financial) are achieved. The Board has ultimate discretion to scale up or down any component or total amount payable. The Short-Term Incentive is paid 50% in cash immediately following the performance period and 50% deferred as performance rights, vesting 12 months later, subject to the employee remaining employed. This plan has an inbuilt clawback mechanism at the discretion of the Board.  |
| Long-Term Incentive  | Annual grant of Performance Rights to Senior Executive Leaders that encourages alignment with shareholder interests. Performance rights vest over a 3 and 4 year period in two tranches, 50% of each tranche are subject to Total Shareholder Return (TSR) and 50% of each tranche are subject to Earnings Per Share (EPS) hurdles. The proportion of vesting is dependent on the BINGO Group's performance against these hurdles with 100% vesting only occurring if an outperformance target is met.   |
|                      | <p><b>EPS</b></p> <p>20% of the performance rights subject to the EPS hurdle will vest if EPS growth is at the target level and 100% will vest if EPS growth is at the stretch level or above with straight-line proportional vesting in between. No EPS performance rights will vest if EPS growth is below the target level. The EPS vesting condition will be assessed based on the Company's compound annual growth rate relative to the EPS compound annual growth rate of the ASX 300 Industrials.</p> <p>In reviewing our Long-Term Incentive Plan and considering the feedback of our shareholders and participants, FY20 will see the replacement of the relative EPS performance hurdle. Our new measure will be Return On Capital Employed (ROCE) with a Weighted Average Cost of Capital (WACC) gate. If ROCE is less than target, no vesting will occur. If ROCE reaches target and is at least WACC +1%, 50% vesting will occur. Where performance is up to 100bps over target (given ROCE at least WACC +1%), pro-rata straight line of earnings between 50-100% will be awarded.</p> <p><b>TSR</b></p> <p>Between 50% and 100% of the performance rights subject to the TSR hurdle will vest on a straight-line proportional basis if the Company's TSR is between the 50th percentile and the 75th percentile with 100% vesting above the 75th percentile. No TSR performance rights will vest if the Company's TSR is at or below the 50th percentile. Actual performance over the qualifying period applicable to each performance hurdle will determine the level of vesting against that hurdle.</p> <p>Long-Term Incentive awards do not carry the right to a cash dividend prior to the vesting date.</p> <p>Long-Term Incentive performance rights do not entitle the holders to any voting rights at a meeting of shareholders.</p> |

| Component         | Description  |
|-------------------|--|
| Transaction Bonus | A transactional bonus was paid during the 2017 year following the completion of the IPO. 50% was paid in cash with the remaining 50% paid in the form of performance rights granted under the Equity Incentive Plan (EIP). The vesting of those rights was deferred for two years and subject to the executive remaining employed within the BINGO Group until the vesting date in 2019. The fair market value of the performance rights is \$1.80, which reflects the share price at the IPO event. The rights were issued on the grant date of 13 April 2017 vesting 30 June 2019. Approval for the issue of these shares was granted by the Board in July 2019. |

Rewards are staged over a 4-year period with components becoming available as per the years illustrated below. In providing short, medium and long-term benefits we believe we have an incentive program that rewards for the now and the future and as such recognises contributions for the year closed, helps with retention, and encourages a longer term view in our decision making and impact initiatives.

| Component                             | Year 1 | Year 2 | Year 3 | Year 4 |
|---------------------------------------|--------|--------|--------|--------|
| Fixed Remuneration                    | ■      |        |        |        |
| Cash STI/Transaction bonus            | ■      |        |        |        |
| Deferred STI 1 Year/Transaction bonus |        | ■      |        |        |
| Deferred STI 2 Years <sup>(i)</sup>   |        |        | ■      |        |
| LTI 3 Year Performance Period         |        |        | ■      |        |
| LTI 4 Year Performance Period         |        |        |        | ■      |

(i) Applicable only to FY18 STI awards.

### 3. Governance

Our Board takes a proactive approach to decision making in the evaluation of executive remuneration outcomes. Our remuneration and governance frameworks enable our Board to assess the achievement of strategic objectives and balance the interests of shareholders.

#### Board

Our Board has overall responsibility for Executive Remuneration, including the assessment of performance and remuneration outcomes for the CEO. Ensuring there is a transparent connection between pay and performance is the key objective of the Board in rewarding our leaders.

During FY19 there were changes to the remuneration of some of the Senior Executive Leaders at BINGO. The Board are committed to providing competitive rewards that attract and retain talent and compensate Senior Executive Leaders commensurate with the progress and growth of BINGO Industries. The process of reviewing and rewarding increases to fixed or variable pay opportunity was undertaken with an independent consultancy and the outcomes of which are detailed in section 4.

#### The People and Culture Committee

Our Committee works with Management to present information and make recommendations to the Board and assists the business and the Board by developing and reviewing organisation policies and practices including remuneration.

#### Management

Management is responsible for leading the implementation of initiatives designed to inspire people to be their best. Management provides feedback on the organisation practices and uses data and qualitative assessments to provide insight to culture and organisational performance – including the effectiveness of the rewards program. Management has input into and makes recommendations to the People and Culture Committee in relation to the Executive Reward Program and has done this with the advice and support of subject matter experts to continuously improve our program at BINGO. The CEO is responsible for providing recommendations on fixed pay and Short-Term Incentive outcomes for direct reports and puts the recommendations to the People and Culture Committee for discussion prior to recommendations going to our Board for its decision.

# Remuneration Report (audited)

## 3. Governance (continued)

### Determining Executive Rewards Plans

We continue to use independent data and advice in the annual evaluation of Senior Executive Leaders remuneration and benefits. It is important to ensure they are fairly compensated for their contribution and responsibilities as BINGO grows. Our plan is that the remuneration review will extend to all our employee categories. Any changes recommended will be discussed at our People and Culture Committee and recommendations for our CEO and direct reports, role changes or new appointments will be made to the Board for their decision making. We are continuing to refine our approach to shift our incentive plans to recognise and reward for more contemporary strategic inputs that result in out-performance outcomes for BINGO, adding to shareholder value.

## 4. Executive Remuneration – Performance, Outcomes and Disclosures

### 2019 Group Performance Highlights

Anticipated to be a transitional year, 2019 presented some headwinds for BINGO Industries resulting in performance highs and lows. Outcomes against stated objectives were mixed, with weighting and gates being strictly maintained and Board discretion applied to remuneration outcomes. Key performance metrics below illustrate a snapshot of performance results:

- LTIFR of 0.80 as at 30 June 2019. A decline from the PCP of 1.5 as at 30 June 2018. This number is inclusive of our two employee fatalities that are categorised as a significant event.
- Strong performance was maintained in employee experience with +80% score for the organisation.
- Downgrade of underlying EBITDA in February 2019 compared with previous guidance in August 2018.
- Strong strategic execution:
  - completion of the DADI acquisition and network reconfiguration
  - operating model refresh and implementation of new organisational structure
  - delivery of asset development program
  - completion of VIC integration and launch of growth program
- Continued year-on-year revenue growth with net revenue increasing by 32.4% against the PCP of \$303.8 million.
- Strong cash flow continued with 109.8% Cash Conversion for the year ended 30 June 2019.
- Net bank debt was \$275.8 million, representing a 101.9% increase to the PCP of \$136.6 million.

| Group                           | Full year ended<br>30 June 2019<br>\$ millions | Full year ended<br>30 June 2018<br>\$ millions | YoY<br>Variance<br>% |
|---------------------------------|--|--|----------------------|
| Revenue and other income        | 402.2  | 303.8  | 32.4%                |
| Statutory EBITDA <sup>(i)</sup> | 72.4   | 84.9   | (14.7%)              |
| Statutory NPAT                  | 22.3   | 38.0   | (41.4%)              |
| EPS                             | 3.9 cents                                      | 9.8 cents                                      | (60.2%)              |
| TSR                             | (15%)  | 56%  | n/a                  |

(i) EBITDA as calculated in note 5 of the financial report.

## CEO Scorecard and Performance – 2019

### Daniel Tartak

Mr Tartak’s remuneration is structured as 38.5% fixed and 61.5% at risk. At risk includes 38.4% variable under the STI component (of which 50% is deferred equity) and 23.1% LTI component. During the year, the Financial and the Safety, Environment and Quality hurdles were not met. Accordingly no payment was awarded under the STI component for Mr Tartak or any of the KMP.

| Component                                    | Strategic Priorities  | Weighting | Description   | Outcome  | Performance Assessment  |
|--|---|-----------|---|--|---|
| <b>Safety, Environment and Quality (SEQ)</b> |    | 20%       | A combination of stretch and lead metrics that incentivise for prevention and early recognition of SEQ risks. Our metrics also benchmark incidents and ensure continued improvement of our safety, environmental and quality impacts and systems, including our recovery rates. Metrics include Leader Led Safety Conversations and Hazard Identification, LTIFR and TRIFR. |    | The Group outperformed on many metrics in this area. However, the fatalities experienced result in significant underperformance for SEQ across the business. LTIFR of 0.80. Lead indicators: Leader Toolbox Talk Delivery Significantly Outperformed. Leader Lead Safety Walks 111% of target achieved. |
| <b>Financial</b>                             |  | 40%       | Key financial performance metrics include Revenue, NPAT, EBITDA, Cash Conversion and Net Debt.  |  | Revenue growth of 32.4%. NPAT decline of 41.4%. EBITDA decline of 14.7%, 109.8% Cash Conversion and exceeding our target leverage ratio now at 2.6x. However, restating of guidance impacts this performance component significantly.   |
| <b>People and Culture</b>                    |  | 20%       | Qualitative and Quantitative assessments provide insight to culture and organisational performance impacts. Strategic lead and lag metrics incentivise employees to have a positive impact on our culture, demonstrate our corporate values and support the attraction and retention of talented people.  |  | On target reduction in employee turnover. Employee Experience score of +80% Succession Planning – strong bench strength maintained. Gopeople System Implementation delayed.   |
| <b>Customer</b>                              |  | 10%       | A combination of lead and lag indicators that measure quality and service levels.   |  | Positive growth in Net Promoter Score (“NPS”). Service levels revised, implemented and tracked. Customer Service Recognition program implemented with strong uptake.  |
| <b>Strategic Initiatives</b>                 |  | 10%       | Key investment metrics include ROCE and EPS Accretion.  |  | The Group has been set up for sustainable growth however it is not reflected in the current results with ROCE at 9.2% and EPS of 3.9 cents down from 9.8 cents.   |

The other KMP have similar objective components in their balanced scorecard.

# Remuneration Report (audited)

## 4. Executive Remuneration – Performance, Outcomes and Disclosures (continued)

### Summary of Senior Executive Leader Remuneration FY19

| Name                           | Year        | Short-term benefits  |                  | Post employment benefits | Share based payments |                  |                       | Other Long-term benefits      | Total              |
|--------------------------------|-------------|----------------------|------------------|--------------------------|----------------------|------------------|-----------------------|-------------------------------|--------------------|
|                                |             | Cash salary and Fees | STI              | Super-annuation          | STI                  | LTI              | Trans-actio-nal bonus | Annual and long service leave |                    |
| <b>Executive Directors</b>     |             |                      |                  |                          |                      |                  |                       |                               |                    |
| Daniel Tartak                  | 2019        | \$731,018            | –                | \$20,486                 | \$66,131             | \$187,393        | –                     | \$146,145                     | \$1,151,173        |
|                                | 2018        | \$527,451            | \$198,392        | \$20,049                 | \$66,131             | \$63,939         | –                     | \$41,856                      | \$917,818          |
| <b>Other Executive KMP</b>     |             |                      |                  |                          |                      |                  |                       |                               |                    |
| Anthony Story                  | 2019        | \$397,831            | –                | \$20,486                 | \$28,391             | \$77,072         | \$49,144              | (\$6,197)                     | \$566,727          |
|                                | 2018        | \$369,951            | \$85,175         | \$20,049                 | \$28,391             | \$30,226         | \$62,500              | \$21,138                      | \$617,430          |
| Chris Jeffrey                  | 2019        | \$442,639            | –                | \$20,486                 | \$54,033             | \$98,720         | –                     | \$25,114                      | \$640,992          |
|                                | 2018        | \$329,951            | \$162,099        | \$20,049                 | \$54,033             | \$33,907         | –                     | \$22,075                      | \$622,114          |
| Geoffrey Hill <sup>(i)</sup>   | 2019        | \$400,000            | –                | \$22,212                 | \$30,297             | \$95,172         | –                     | (\$10,195)                    | \$537,486          |
|                                | 2018        | \$242,692            | \$78,353         | \$13,970                 | \$26,118             | \$23,196         | –                     | \$10,697                      | \$395,026          |
| Rodney Johnson <sup>(ii)</sup> | 2019        | \$86,154             | –                | \$5,133                  | –                    | \$488            | –                     | \$3,759                       | \$95,534           |
| <b>Total</b>                   | <b>2019</b> | <b>\$2,057,642</b>   | <b>–</b>         | <b>\$88,803</b>          | <b>\$178,852</b>     | <b>\$458,845</b> | <b>\$49,144</b>       | <b>\$158,626</b>              | <b>\$2,991,912</b> |
| <b>Total</b>                   | <b>2018</b> | <b>\$1,470,045</b>   | <b>\$524,019</b> | <b>\$74,117</b>          | <b>\$174,673</b>     | <b>\$151,268</b> | <b>\$62,500</b>       | <b>\$95,766</b>               | <b>\$2,552,388</b> |

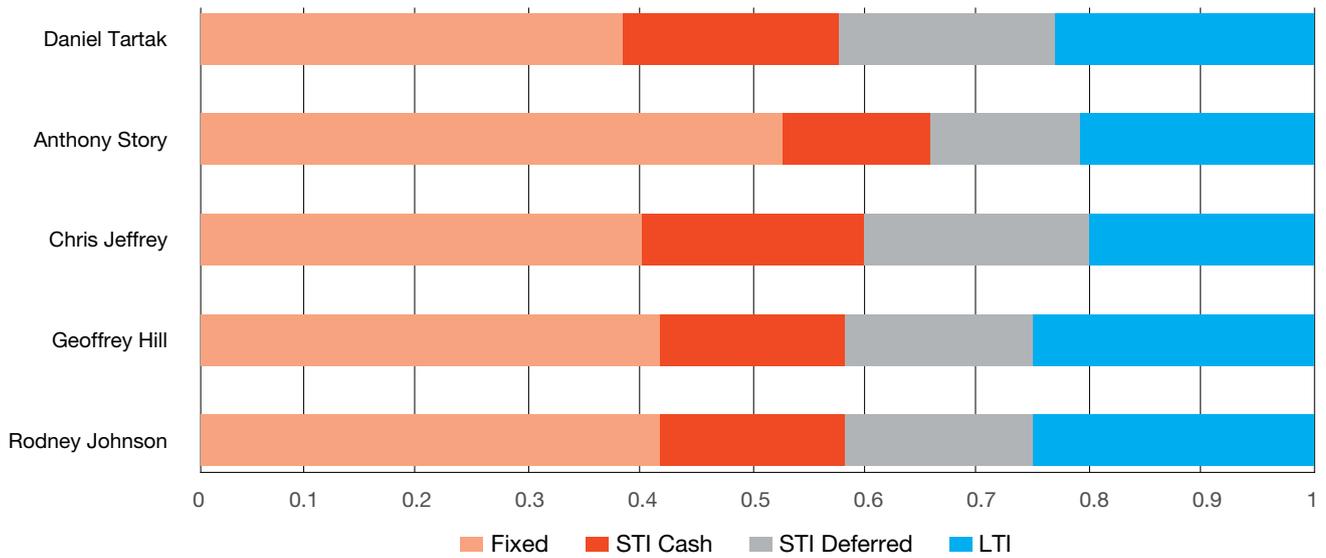
| Name                           | Year | Fixed | Variable – At Risk |     |
|--------------------------------|------|-------|--------------------|-----|
|                                |      |       | STI                | LTI |
| <b>Executive Directors</b>     |      |       |                    |     |
| Daniel Tartak                  | 2019 | 78%   | 6%                 | 16% |
|                                | 2018 | 64%   | 29%                | 7%  |
| <b>Other Executive KMP</b>     |      |       |                    |     |
| Anthony Story                  | 2019 | 73%   | 14%                | 13% |
|                                | 2018 | 67%   | 28%                | 5%  |
| Chris Jeffrey                  | 2019 | 76%   | 8%                 | 16% |
|                                | 2018 | 60%   | 35%                | 5%  |
| Geoffrey Hill <sup>(i)</sup>   | 2019 | 77%   | 6%                 | 17% |
|                                | 2018 | 68%   | 26%                | 6%  |
| Rodney Johnson <sup>(ii)</sup> | 2019 | 99%   | 0%                 | 1%  |

(i) Commenced with BINGO in November 2017. 2018 disclosures relate to the period from November 2017 to June 2018.

(ii) Commenced with BINGO in March 2019. 2019 disclosures relate to the period from March 2019 to June 2019.

The graph below shows the target mix of remuneration awarded to our Senior Executive Leaders. A significant proportion of remuneration awarded (approximately 45-62%) falls into the variable, at risk category. This supports our philosophy of incentivising and rewarding for outperformance. We continue to review, benchmark and make recommendations on our remuneration mix, to ensure it remains contemporary, competitive and recognises the achievement of our organisational objectives. No STI components were awarded for FY19.

**Remuneration Target Mix**



**Service Agreements**

| Service Agreements | Position                                      | Contract Duration | Employer Notice Period | Employee Notice Period |
|--------------------|---|-------------------|------------------------|------------------------|
| Daniel Tartak      | Managing Director and Chief Executive Officer | Ongoing           | 6 months               | 6 months               |
| Anthony Story      | Chief Financial Officer                       | Ongoing           | 6 months               | 3 months               |
| Chris Jeffrey      | Chief Development Officer                     | Ongoing           | 6 months               | 3 months               |
| Geoffrey Hill      | Chief Executive – VIC                         | Ongoing           | 6 months               | 6 months               |
| Rodney Johnson     | Chief Executive – Building and Demolition NSW | Ongoing           | 3 months               | 3 months               |

# Remuneration Report (audited)

## 5. Other Disclosures and Shareholdings

### Performance Rights

| Name                           | Year        | Beginning of Year | Granted as a STI <sup>(i)</sup> | Granted as a LTI | Vested         | Forfeited | Balance end of Year |
|--------------------------------|-------------|-------------------|---------------------------------|------------------|----------------|-----------|---------------------|
| <b>Non-Executive Directors</b> |             |                   |                                 |                  |                |           |                     |
| Daniel Girgis                  | 2019        | 55,555            | –                               | –                | 55,555         | –         | –                   |
|                                | 2018        | 55,555            | –                               | –                | –              | –         | 55,555              |
| <b>Executive Directors</b>     |             |                   |                                 |                  |                |           |                     |
| Daniel Tartak                  | 2019        | 259,281           | –                               | 211,840          | –              | –         | 471,121             |
|                                | 2018        | 183,333           | 75,948                          | –                | –              | –         | 259,281             |
| <b>Other Executive KMP</b>     |             |                   |                                 |                  |                |           |                     |
| Anthony Story                  | 2019        | 188,716           | –                               | 80,386           | 69,444         | –         | 199,658             |
|                                | 2018        | 156,110           | 32,606                          | –                | –              | –         | 188,716             |
| Chris Jeffrey                  | 2019        | 159,276           | –                               | 111,216          | –              | –         | 270,492             |
|                                | 2018        | 97,221            | 62,055                          | –                | –              | –         | 159,276             |
| Geoffrey Hill                  | 2019        | 108,832           | –                               | 99,868           | –              | –         | 208,700             |
|                                | 2018        | –                 | 34,794                          | 74,038           | –              | –         | 108,832             |
| Rodney Johnson                 | 2019        | –                 | –                               | 20,308           | –              | –         | 20,308              |
| <b>Total</b>                   | <b>2019</b> | <b>771,660</b>    | <b>–</b>                        | <b>523,618</b>   | <b>124,999</b> | <b>–</b>  | <b>1,170,279</b>    |
| <b>Total</b>                   | <b>2018</b> | <b>492,219</b>    | <b>205,403</b>                  | <b>74,038</b>    | <b>–</b>       | <b>–</b>  | <b>771,660</b>      |

(i) FY18 STI Performance rights were earned in FY18 and granted during FY19. The numbers shown as granted in the FY18 report were adjusted following a slight correction to the VWAP price.

### Options and Rights

At 30 June 2019, the following rights under the LTI scheme issued and not exercised are:

| Grant date   | Tranche | End of performance period | Opening Balance | Number of rights granted during the year | Balance at the year end |
|--------------|---------|---------------------------|-----------------|--|-------------------------|
| 13-Apr-17    | 1       | 30-Jun-20                 | 173,888         | –  | 173,888                 |
| 13-Apr-17    | 2       | 30-Jun-21                 | 173,888         | –  | 173,888                 |
| 1-May-17     | 1       | 30-Jun-20                 | 9,722           | –  | 9,722                   |
| 1-May-17     | 2       | 30-Jun-21                 | 9,722           | –  | 9,722                   |
| 13-Nov-17    | 1       | 30-Jun-20                 | 37,019          | –  | 37,019                  |
| 13-Nov-17    | 2       | 30-Jun-21                 | 37,019          | –  | 37,019                  |
| 28-Sep-18    | 1       | 30-Jun-21                 | –               | 251,655                                  | 251,655                 |
| 28-Sep-18    | 2       | 30-Jun-22                 | –               | 251,655                                  | 251,655                 |
| 15-Jun-19    | 1       | 30-Jun-21                 | –               | 10,154                                   | 10,154                  |
| 15-Jun-19    | 2       | 30-Jun-22                 | –               | 10,154                                   | 10,154                  |
| <b>Total</b> |         |                           | <b>441,258</b>  | <b>523,618</b>                           | <b>964,876</b>          |

A Monte Carlo simulation approach was used to value the LTI awards subject to the relative TSR performance conditions. The fair value of the awards subject to the EPS performance condition was calculated using a risk neutral assumption.

The movement and value of the performance rights held as at 30 June by each KMP were:

| Name                           | Year Granted | Number Granted | Rights Price at date of Grant <sup>(i)</sup><br>\$ | Vested % | Forfeited | Year in which shares may vest | Fair value at Grant date<br>\$ |
|--------------------------------|--------------|----------------|--|----------|-----------|-------------------------------|--------------------------------|
| <b>Non-Executive Directors</b> |              |                |  |          |           |                               |                                |
| Daniel Girgis                  | 2017         | 55,555         | 1.80   | 100%     | –         | 2019                          | 100,000                        |
| <b>Executive Directors</b>     |              |                |  |          |           |                               |                                |
| Daniel Tartak                  | 2019         | 105,920        | 2.64   | –        | –         | 2021                          | 260,034                        |
|                                | 2019         | 105,920        | 2.64   | –        | –         | 2022                          | 261,093                        |
|                                | 2018         | 37,974         | 2.61   | –        | –         | 2019                          | 96,360                         |
|                                | 2018         | 37,974         | 2.61   | –        | –         | 2020                          | 96,360                         |
|                                | 2017         | 91,667         | 1.80   | –        | –         | 2020                          | 118,249                        |
|                                | 2017         | 91,666         | 1.80   | –        | –         | 2021                          | 114,583                        |
| <b>Other Executive KMP</b>     |              |                |  |          |           |                               |                                |
| Anthony Story                  | 2019         | 40,193         | 2.64   | –        | –         | 2021                          | 98,674                         |
|                                | 2019         | 40,193         | 2.64   | –        | –         | 2022                          | 99,076                         |
|                                | 2018         | 16,303         | 2.61   | –        | –         | 2019                          | 41,367                         |
|                                | 2018         | 16,303         | 2.61   | –        | –         | 2020                          | 41,367                         |
|                                | 2017         | 69,444         | 1.80   | 100%     | –         | 2019                          | 125,000                        |
|                                | 2017         | 43,333         | 1.80   | –        | –         | 2020                          | 55,900                         |
|                                | 2017         | 43,333         | 1.80   | –        | –         | 2021                          | 54,166                         |
| Chris Jeffrey                  | 2019         | 55,608         | 2.64   | –        | –         | 2021                          | 136,518                        |
|                                | 2019         | 55,608         | 2.64   | –        | –         | 2022                          | 137,074                        |
|                                | 2018         | 31,027         | 2.61   | –        | –         | 2021                          | 78,859                         |
|                                | 2018         | 31,027         | 2.61   | –        | –         | 2022                          | 78,858                         |
|                                | 2017         | 9,722          | 1.80   | –        | –         | 2020                          | 12,542                         |
|                                | 2017         | 9,722          | 1.80   | –        | –         | 2021                          | 12,153                         |
|                                | 2017         | 38,889         | 1.80   | –        | –         | 2020                          | 50,166                         |
|                                | 2017         | 38,888         | 1.80   | –        | –         | 2021                          | 48,611                         |
| Geoffrey Hill                  | 2019         | 49,934         | 2.64   | –        | –         | 2021                          | 122,587                        |
|                                | 2019         | 49,934         | 2.64   | –        | –         | 2022                          | 123,087                        |
|                                | 2018         | 17,397         | 2.61   | –        | –         | 2022                          | 45,445                         |
|                                | 2018         | 17,397         | 2.61   | –        | –         | 2020                          | 45,445                         |
|                                | 2018         | 37,019         | 2.08   | –        | –         | 2021                          | 57,009                         |
|                                | 2018         | 37,019         | 2.08   | –        | –         | 2021                          | 56,454                         |
| Rodney Johnson                 | 2019         | 10,154         | 1.59   | –        | –         | 2021                          | 14,368                         |
|                                | 2019         | 10,154         | 1.59   | –        | –         | 2022                          | 14,774                         |

(i) The 2018 grant price disclosed in last year's remuneration report (\$2.64) was adjusted when the STI performance rights were issued in September 2018 (\$2.61). The dollar value of the rights awarded were not affected.

# Remuneration Report (audited)

## 5. Other Disclosures and Shareholdings (continued)

### KMP Shareholdings

The relevant interest of each Director in the shares and performance rights over such issued by Bingo Industries Limited, as notified by the Directors to the Australian Securities Exchange in accordance with section 205G(1) of the *Corporations Act 2001*, as at the date of this report is as follows:

| Directors         | Ordinary Shares | Performance Rights over Ordinary Shares |
|-------------------|-----------------|---|
| Michael Coleman   | 187,272         | –                                       |
| Maria Atkinson AM | 61,166          | –                                       |
| Richard England   | 73,602          | –                                       |
| Daniel Girgis     | 55,555          | –                                       |
| Ian Malouf        | 79,836,835      | –                                       |
| Barry Buffier AM  | 60,000          | –                                       |
| Daniel Tartak     | 99,308,198      | 433,147                                 |
| Anthony Story     | 105,432         | 183,355                                 |
| Chris Jeffrey     | 286,968         | 239,464                                 |
| Geoffrey Hill     | 76,180          | 194,265                                 |
| Rodney Johnson    | –               | 20,308                                  |

**THIS IS THE END OF THE REMUNERATION REPORT (AUDITED)**

# Auditor's Independence Declaration



Deloitte Touche Tohmatsu  
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Sydney, NSW, 2000  
Australia

Phone: +61 2 9322 7000  
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The Board of Directors  
Bingo Industries Limited  
305 Parramatta Road  
Auburn NSW 2148

22 August 2019

Dear Board Members

### **Auditor's Independence Declaration to Bingo Industries Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Bingo Industries Limited.

As lead audit partner for the audit of the consolidated financial report of Bingo Industries Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Tara Hill  
Partner  
Chartered Accountants

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2019

|  | Note | 2019<br>\$'000   | 2018<br>\$'000   |
|--|------|------------------|------------------|
| Revenue  | 3    | 395,739          | 300,203          |
| Other income   | 3    | 6,419            | 3,641            |
| <b>Total revenue and other income</b>  |      | <b>402,158</b>   | <b>303,844</b>   |
| Tipping and transportation costs   |      | (172,074)        | (112,679)        |
| Employee benefits expenses   | 4    | (96,489)         | (76,164)         |
| Depreciation and amortisation expenses   | 4    | (35,827)         | (21,875)         |
| Trucks and machinery costs   |      | (13,012)         | (9,691)          |
| Finance costs  | 24   | (6,791)          | (6,799)          |
| Acquisition costs  |      | (21,156)         | (2,313)          |
| Rent and outgoings   | 4    | (3,262)          | (2,093)          |
| Capital raising costs  |      | (683)            | (813)            |
| Other expenses   |      | (22,069)         | (16,191)         |
| <b>Total expenses</b>  |      | <b>(371,363)</b> | <b>(248,618)</b> |
| Profit before income tax   |      | 30,795           | 55,226           |
| Income tax expense   | 6    | (8,530)          | (17,223)         |
| <b>Profit for the year attributable to owners of the Company</b>                         |      | <b>22,265</b>    | <b>38,003</b>    |
| <b>Total comprehensive income for the year attributable to the owners of the Company</b> |      | <b>22,265</b>    | <b>38,003</b>    |
| <b>Earnings per share</b>  |      |                  |                  |
| Basic earnings per share   | 7    | 3.9 cents        | 9.8 cents        |
| Diluted earnings per share   | 7    | 3.9 cents        | 9.8 cents        |

The above statement should be read in conjunction with the accompanying notes

# Consolidated Statement of Financial Position

as at 30 June 2019

|                                      | Note | 2019<br>\$'000   | 2018<br>\$'000 |
|--------------------------------------|------|------------------|----------------|
| <b>Assets</b>                        |      |                  |                |
| <b>Current assets</b>                |      |                  |                |
| Cash and cash equivalents            | 8a   | 39,189           | 21,443         |
| Trade and other receivables          | 9    | 71,317           | 47,013         |
| Contract assets                      | 10   | 3,586            | –              |
| Inventories                          | 11   | 7,552            | 5,595          |
| Assets held for sale                 | 19   | 24,928           | 4,674          |
| Other assets                         | 12   | 12,468           | 11,957         |
| <b>Total current assets</b>          |      | <b>159,040</b>   | <b>90,682</b>  |
| <b>Non-current assets</b>            |      |                  |                |
| Property, plant and equipment        | 13   | 679,167          | 364,706        |
| Intangible assets                    | 14   | 497,476          | 121,870        |
| Deferred tax asset                   | 6    | –                | 497            |
| <b>Total non-current assets</b>      |      | <b>1,176,643</b> | <b>487,073</b> |
| <b>Total assets</b>                  |      | <b>1,335,683</b> | <b>577,755</b> |
| <b>Liabilities</b>                   |      |                  |                |
| <b>Current liabilities</b>           |      |                  |                |
| Trade and other payables             | 15   | 145,674          | 75,138         |
| Contract liabilities                 | 16   | 3,056            | 2,534          |
| Borrowings                           | 23   | 7                | 2,388          |
| Income tax payable                   | 6    | 6,391            | 10,591         |
| Provisions                           | 17   | 5,011            | 3,108          |
| <b>Total current liabilities</b>     |      | <b>160,139</b>   | <b>93,759</b>  |
| <b>Non-current liabilities</b>       |      |                  |                |
| Borrowings                           | 23   | 313,255          | 174,137        |
| Deferred tax liabilities             | 6    | 25,852           | –              |
| Provisions                           | 17   | 9,987            | 695            |
| Other payables                       | 15   | –                | 28,899         |
| <b>Total non-current liabilities</b> |      | <b>349,094</b>   | <b>203,731</b> |
| <b>Total liabilities</b>             |      | <b>509,233</b>   | <b>297,490</b> |
| <b>Net assets</b>                    |      | <b>826,450</b>   | <b>280,265</b> |
| <b>Equity</b>                        |      |                  |                |
| Issued capital                       | 26   | 1,288,923        | 748,137        |
| Other contributed equity             |      | 1,244            | 1,244          |
| Reserves                             | 27   | (541,825)        | (543,616)      |
| Retained earnings                    |      | 78,108           | 74,500         |
| <b>Total equity</b>                  |      | <b>826,450</b>   | <b>280,265</b> |

The above statement should be read in conjunction with the accompanying notes

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2019

|  | Note | Issued<br>Capital<br>\$'000 | Other<br>Contributed<br>Equity<br>\$'000 | Group<br>Reorganisation<br>Reserve<br>\$'000 | Employee<br>Equity<br>Benefits<br>Reserve<br>\$'000 | Retained<br>Earnings<br>\$'000 | Total<br>\$'000 |
|--|------|-----------------------------|--|--|---|--------------------------------|-----------------|
| <b>Balance 1 July 2017</b>   |      | <b>624,015</b>              | <b>1,244</b>                             | <b>(545,068)</b>                             | <b>162</b>  | <b>43,616</b>                  | <b>123,969</b>  |
| Profit for the year  |      | –                           | –  | –  | –   | 38,003                         | 38,003          |
| Total comprehensive income for the year  |      | –                           | –  | –  | –   | 38,003                         | 38,003          |
| <i>Transactions with owners, in their capacity as owners and other transfers</i> |      |                             |  |  |   |                                |                 |
| • Issue of shares  | 26   | 126,504                     | –  | –  | –   | –                              | 126,504         |
| • Costs capitalised to equity (net of tax)                                       | 26   | (2,382)                     | –  | –  | –   | –                              | (2,382)         |
| • Recognition of equity settled share-based payments                             | 27   | –                           | –  | –  | 1,290   | –                              | 1,290           |
| Dividends paid or provided during the year                                       | 28   | –                           | –  | –  | –   | (7,119)                        | (7,119)         |
| <b>Balance 30 June 2018</b>  |      | <b>748,137</b>              | <b>1,244</b>                             | <b>(545,068)</b>                             | <b>1,452</b>  | <b>74,500</b>                  | <b>280,265</b>  |
| <b>Balance 1 July 2018</b>   |      | <b>748,137</b>              | <b>1,244</b>                             | <b>(545,068)</b>                             | <b>1,452</b>  | <b>74,500</b>                  | <b>280,265</b>  |
| Effect of adoption of new accounting standards                                   | 2    | –                           | –  | –  | –   | (342)                          | (342)           |
| <b>Balance 1 July 2018 as restated</b>   |      | <b>748,137</b>              | <b>1,244</b>                             | <b>(545,068)</b>                             | <b>1,452</b>  | <b>74,158</b>                  | <b>279,923</b>  |
| Profit for the year  |      | –                           | –  | –  | –   | 22,265                         | 22,265          |
| Total comprehensive income for the year  |      | –                           | –  | –  | –   | 22,265                         | 22,265          |
| <i>Transactions with owners, in their capacity as owners and other transfers</i> |      |                             |  |  |   |                                |                 |
| • Issue of shares  | 26   | 553,522                     | –  | –  | –   | –                              | 553,522         |
| • Share buyback  | 26   | (7,330)                     | –  | –  | –   | –                              | (7,330)         |
| • Costs capitalised to equity (net of tax)                                       | 26   | (5,406)                     | –  | –  | –   | –                              | (5,406)         |
| • Recognition of equity settled share-based payments                             | 27   | –                           | –  | –  | 1,791   | –                              | 1,791           |
| Dividends paid or provided during the year                                       | 28   | –                           | –  | –  | –   | (18,315)                       | (18,315)        |
| <b>Balance 30 June 2019</b>  |      | <b>1,288,923</b>            | <b>1,244</b>                             | <b>(545,068)</b>                             | <b>3,243</b>  | <b>78,108</b>                  | <b>826,450</b>  |

The above statement should be read in conjunction with the accompanying notes

# Consolidated Statement of Cash Flows

for the year ended 30 June 2019

|  | Note | 2019<br>\$'000   | 2018<br>\$'000   |
|--|------|------------------|------------------|
| Receipts from customers                            |      | 444,887          | 325,754          |
| Payments to suppliers and employees                |      | (347,762)        | (248,865)        |
| Income tax paid                                    |      | (22,116)         | (7,289)          |
| <b>Net Cash Flows from Operating Activities</b>    | 8b   | <b>75,009</b>    | <b>69,600</b>    |
| Purchase of property, plant and equipment          |      | (209,871)        | (122,967)        |
| Purchase of business                               | 18   | (370,396)        | (91,774)         |
| Purchase of intangible assets                      | 14   | (5,229)          | (1,809)          |
| Proceeds from sale of non-current assets           |      | 2,485            | 7,338            |
| Interest received                                  | 24   | 1,946            | 86               |
| <b>Net Cash Flows used in Investing Activities</b> |      | <b>(581,065)</b> | <b>(209,126)</b> |
| Proceeds from issue of shares                      |      | 424,926          | 120,067          |
| Capital raising costs                              |      | (7,339)          | (3,401)          |
| Proceeds from borrowing                            | 23   | 333,000          | 119,000          |
| Repayment of borrowing                             | 23   | (176,000)        | (77,500)         |
| Settlement of finance lease liabilities            | 23   | (19,750)         | –                |
| Dividend paid                                      | 28   | (17,770)         | (4,415)          |
| Share buy-back                                     | 26   | (7,330)          | –                |
| Interest paid                                      |      | (5,935)          | (6,060)          |
| <b>Net Cash Provided by Financing Activities</b>   |      | <b>523,802</b>   | <b>147,691</b>   |
| <b>Net increase/(decrease) in cash held</b>        |      | <b>17,746</b>    | <b>8,165</b>     |
| Cash at the beginning of the year                  |      | 21,443           | 13,278           |
| <b>Cash at the end of the year</b>                 | 8a   | <b>39,189</b>    | <b>21,443</b>    |

The above statement should be read in conjunction with the accompanying notes

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 1. General Information

Bingo Industries Limited ("the Company") is a company incorporated in Australia and listed on the Australian Securities Exchange. The Company was incorporated as a public company on 3 March 2017.

The consolidated financial statements of the Company and its controlled entities ("the Group") were authorised for issue by the Directors on 22 August 2019.

The principal activities of the Group during the financial year were to provide waste management solutions for domestic and commercial business, operate state of the art waste processing centres and the manufacture of bins. During the year, the Group acquired Landfill assets to enhance waste processing capabilities and drive vertical integration. No other significant change in the nature of these activities occurred during the financial year.

The address of its registered office and principal place of business are as follows:

305 Parramatta Road  
Auburn NSW 2144

## Note 2. Summary of Significant Accounting Policies

### Statement of compliance

These general-purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

These financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS).

### Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars. The company is a Company of the kind referred to in ASIC Corporations (Rounding in Financial/ Directors Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by the Company at the end of the reporting period. Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

### Basis of consolidation

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received, and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Critical accounting estimates and judgements**

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Actual results may vary from these estimates under different assumptions and conditions. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical professional experience.

Significant accounting judgements include the following:

#### **Rectification and Remediation**

The Group's remediation and rectification provisions are calculated based on the present value of the future cash outflows expected to be incurred to remediate landfills. This includes the cost of capping the landfill site, remediation and rectification costs and post-closure monitoring activities. The measurement of the provisions requires significant estimates and assumptions such as: discount rate, inflation rate, assessing the requirements of the Environment Protection Authority (EPA) or other government authorities, the timing, extent and costs of activity required and the area of the landfill to be remediated or rectified. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provisions for remediation and rectification for each landfill site will be periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for remediating open sites, still accepting waste, are recognised in the Consolidated Balance Sheet by adjusting both the remediation asset and provision. For closed sites, changes to the estimated costs are recognised in the Consolidated Statement of Profit or Loss. Changes to estimated costs related to rectification provisions are recognised in the Consolidated Statement of Profit or Loss. Further details on the Group's landfill rectification and remediation accounting policy are disclosed in Note 17.

#### **Accounting for acquisitions**

During March 2019, the Group completed the acquisition of Dial-A-Dump Industries and certain related entities (DADI).

An independent consultancy firm was engaged by the Group to provide a Purchase Price Allocation (PPA) report for the acquisition of DADI. A preliminary assessment of the valuation of identifiable intangible assets acquired has been performed. The preliminary assessment incorporated certain judgements and assumptions around customer attrition, brand recognition and other qualitative factors in determining the values to be attributed.

Further valuations were obtained for land, landfill and fixed assets from external valuers and quantity surveyors and were used in determining the fair value of these assets. The landfill asset was valued using the capitalised notional royalty income stream method.

At the date of this financial report valuations and the preliminary PPA report are not yet finalised and, consequently, acquisition accounting is on a provisional basis. Further details are disclosed in Note 18.

#### **Accounting for Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimation of the useful lives of these intangible assets has been based on historical experience and expected usage of the intangible asset. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Refer to Note 14 for more detail of each type of intangible asset and useful lives adopted.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 2. Summary of Significant Accounting Policies (continued)

### Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

### Deficiency in net current assets

The consolidated statement of financial position as at 30 June 2019 reflects a net current deficiency as at 30 June 2019 of \$1,100,000 (June 2018: \$3,077,000 net current deficiency). The net current deficiency arises mainly due to the classification of the deferred consideration payable of \$29,997,000 on the Patons Lane acquisition, with the third instalment classified as current because it is due and payable in July 2019. The Directors are satisfied that the Group will be able to meet its working capital requirements through budgeted cashflows generated from the operations, and if required, draw down of unused facilities.

### Comparative information

Prior year balances have been adjusted to reflect reclassifications within the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Comparative interest income in the Consolidated Statement of Profit or Loss of \$86,000 has been reclassified from Net finance costs to Other Income.

Prior year balances have also been adjusted to reflect reclassifications within the Consolidated Statement of Financial Position. Comparative current liabilities in the Consolidated Statement of Financial Position of \$2,534,000 has been reclassified from Trade and Other Payables to Contract Liabilities.

### New and amended standards adopted by the Group

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current financial year.

New and revised Standards and amendments thereof and Interpretations effective for the current financial year that are relevant to the Group include:

- AASB 9 *Financial Instruments* and related amending Standards; and
- AASB 15 *Revenue from Contracts with Customers* and related amending Standards.

### AASB 9 'Financial Instruments' and related amending Standards

In the current financial year, the Group has applied AASB 9 Financial Instruments and the related consequential amendments to the Accounting Standard for the first time. AASB 9 addresses the classification, measurement and impairment of financial assets and financial liabilities and the application of hedge accounting.

### Classification and measurement of financial assets and financial liabilities

The Group has no complex financial instruments. As a result, there have been no changes to the classification and measurement of financial assets and financial liabilities.

### Impairment of financial assets

#### Trade receivables and contract assets

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The calculation of impairment losses impacts the way the Group calculates the provision for doubtful debts, now termed the credit loss allowance. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The Group always recognises a lifetime expected credit loss (ECL) for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

The expected loss rates applied to the gross carrying amount of trade receivables and contract assets are provided in Note 9 and Note 10 respectively.

As permitted by AASB 9, the Group has not restated comparative financial statements and has recorded transition adjustments to the opening balance sheet and retained earnings at 1 July 2018. The transition adjustment was a \$342,000 charge to retained earnings.

### **AASB 15 'Revenue from Contracts with Customers' and related amending Standards**

The Group has adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. The group has applied the modified retrospective approach without applying any practical expedients available to the Group.

Under AASB 15, revenue recognition for each of the Group's key revenue streams is as follows:

| <b>Segment</b>   | <b>Revenue Stream</b>             | <b>Performance obligation</b>   | <b>Timing of recognition</b>                              |
|------------------|-----------------------------------|---|---|
| Collections      | Skip bin revenue                  | Collection of a wide range of skip bins from private households, infrastructure projects and residential and commercial construction companies for the disposal of B&D waste. | Point in time recognition when the bins are collected.    |
| Collections      | Commercial bin revenue            | Collection of various solid and liquid waste streams from a range of commercial and industrial customers.   | Point in time recognition when the bins are collected.    |
| Post Collections | Recycling centre gate fee revenue | Collecting gate fees from customers when the waste is received at BINGO's network of resource recovery and recycling centres.   | Point in time recognition when the waste is received.     |
| Post Collections | Recycled products revenue         | Sale of recycled products from BINGO's recycling centres.   | Point in time recognition when the goods are transferred. |
| Post Collections | Landfill gate fee revenue         | Collecting gate fees from customers when the waste is received at BINGO's landfill sites.   | Point in time recognition when the waste is received.     |
| Other            | Waste equipment sales revenue     | Supply of waste equipment, including the manufacturing of steel bins and distribution of plastic bins.  | Point in time recognition when the goods are transferred. |

The timing of revenue recognition under AASB 15 remains substantially unchanged. There were no adjustments recognised to revenue on transition. The disaggregation of revenue streams is disclosed in Note 3.

The Group has adopted the terminology used in AASB 15 of 'contract liability' to describe deferred revenue and 'contract asset' to describe deferred revenue receivable.

Contract Liabilities (or deferred revenue) arises when bins have been delivered to customer sites and have not been collected as the performance obligation is to yet to be fulfilled. The trade receivables in relation to the deferred revenue which were previously included in trade and other receivables has been reclassified as a contract asset as the Group's right to consideration is subject to the completion of its performance obligation. At 30 June 2019, this reclassification was \$3.60 million (1 July 2018: \$2.82 million) to contract assets. Trade receivables, as a result of AASB 15 adoption, has changed from \$74.9 million to \$71.3 million at 30 June 2019. There was no impact on the Consolidated Statement of Profit or Loss as a result of these reclassifications.

The adjustment to deferred revenue relates to the reclassification of a balance that was previously recognised as part of deferred revenue and that has been reclassified as a contract liability from trade and other payables (see Note 16). At 30 June 2019 this reclassification was \$3.06 million (2018: \$2.53 million) to contract liabilities. This balance relates to a portion of the Group's skip bin revenue. This had no impact on the Consolidated Statement of Profit or Loss.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 2. Summary of Significant Accounting Policies (continued)

### New accounting standards and interpretations for application in future periods

#### AASB 16 'Leases'

Contracts that are leases within the scope of AASB 16 from the lessee's perspective require the recognition of a right-of-use (ROU) asset and a related lease liability, being the present value of future lease payments. This results in an increase in the recognised assets and liabilities in the Group's statement of financial position. The Consolidated Statement of Profit or Loss will include interest expense on the lease liability together with depreciation of the ROU asset.

The classification of leases where the Group is lessor remains unchanged under AASB 16.

As compared to AASB 117:

- the total assets and liabilities on the balance sheet will increase with a decrease in net total assets, due to the depreciation of right of use assets being on a straight-line basis whilst the lease liability reduces by the principal amount of repayments;
- interest expense will increase due to the unwinding of the effective interest rate implicit in the lease liability. Interest expense will be greater earlier in a lease's life, due to the higher principal value, causing profit variability over the term of lease. This effect may be partially mitigated due to the number of leases held by the Group at various stages of their terms; and
- operating cash flows will be higher and financing cash flows will be lower, as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Alternative methods of calculating the ROU asset are permitted under AASB 16 which impacts the size of the transition adjustment. The Group will apply the modified retrospective approach as permitted by AASB 16. Under the modified retrospective transition approach, prior period comparative financial statements are not restated, and the Group will measure the ROU asset for existing operating leases as if AASB 16 has been applied from commencement of the lease.

Based on the elected transition method, the Group will recognise lease liabilities of \$49.4 million, ROU assets of \$49.1 million and an adjustment to opening retained earnings of \$0.3 million. Where a lease contract contains an option to extend the lease term, and the Group is reasonably certain that the option will be exercised, the right of use asset and lease liability are calculated based on the extended lease term.

Judgement has been applied by the Group in determining the transition adjustment which includes the determination of which contractual arrangements represent a lease, the period over which the lease exists, the incremental borrowing rate of the Group, and the variability of future cash flows for variable escalation rates on future lease payments. A schedule of current operating lease commitments is disclosed in Note 29.

#### Other new and revised Standards in issue but not yet effective

New accounting standards, amendments to standards and interpretations that are in issue but not yet effective for entities preparing financial statements for the year ended 30 June 2019 have not been adopted by the Group at the date of authorisation of these financial statements. The Group is in the process of assessing the impact of these standards.

- Interpretation 23 Uncertainty over Income Tax Treatments and AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments. The interpretation has an effective date for the Group of 1 July 2019.
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle. The amendments have an effective date for the Group of 1 July 2019.
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business. The amendments have an effective date for the Group of 1 July 2020.

### Note 3. Revenue and Other Income

Revenue is recognised at a point in time. Refer to Note 2 for the details regarding the revenue recognition policy following the adoption of AASB 15 in the current year.

|   | Note | 2019<br>\$'000 | 2018<br>\$'000 |
|---|------|----------------|----------------|
| <b>Revenue</b>                                    |      | <b>395,739</b> | <b>300,203</b> |
| <b>Other income</b>                               |      |                |                |
| Equipment rental – related company                | 33   | –              | 1,150          |
| Equipment rental – other                          |      | 4,134          | 1,900          |
| Net gain on sale of property, plant and equipment |      | 102            | 418            |
| Interest income <sup>(i)</sup>                    | 24   | 1,946          | 86             |
| Other income                                      |      | 237            | 87             |
| <b>Total other income</b>                         |      | <b>6,419</b>   | <b>3,641</b>   |
| <b>Total revenue and other income</b>             |      | <b>402,158</b> | <b>303,844</b> |

(i) Interest income in the prior year was reclassified as Other Income (previously net finance costs).

The table below provides a disaggregation of segment revenues from contracts with customers (refer also to Note 5).

| Disaggregated segment revenue<br>Including eliminations | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Collections   | 213,480        | 176,838        |
| Post Collections  | 166,997        | 109,059        |
| Other   | 15,262         | 14,306         |
|   | <b>395,739</b> | <b>300,203</b> |

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses

Profit before income tax includes the following specific expenses:

|  | Note  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|-------|----------------|----------------|
| Bad debt expenses                      | 9, 10 | 66             | 517            |
| Post-employment benefits               |       | 5,243          | 3,960          |
| Equity settled share-based payments    |       | 1,206          | 477            |
| Other employee benefits                |       | 90,040         | 71,727         |
| <b>Total employee benefits expense</b> |       | <b>96,489</b>  | <b>76,164</b>  |
| Depreciation                           | 13    | 26,596         | 17,667         |
| Customer relationship amortisation     | 14    | 4,875          | 3,663          |
| Landfill void amortisation             | 14    | 2,834          | –              |
| Software amortisation                  | 14    | 1,032          | 545            |
| Other assets amortisation              |       | 73             | –              |
| Brand amortisation                     | 14    | 417            | –              |
| <b>Depreciation and amortisation</b>   |       | <b>35,827</b>  | <b>21,875</b>  |
| Rent and outgoings – Related parties   | 33    | 1,114          | 189            |
| Rent and outgoings – Other             |       | 2,148          | 1,904          |
| <b>Total rent and outgoings</b>        |       | <b>3,262</b>   | <b>2,093</b>   |
| Performance contract amortisation      |       | 283            | 283            |
| Minimum lease payments                 |       | 3,059          | 1,699          |

## Note 5. Segment Reporting

The Group has identified its operating segments based on how the Chief Operating Decision Maker (CODM) reviews internal reports in order to assess the performance of the Group. The CODM of the Group is the Board of Directors. Based on management's assessment of the internal reports being reviewed by the CODM, the Group has identified the following reportable segments:

- Collections – includes hire of bins and collection of building, demolition, industrial and commercial waste; and
- Post Collections – includes landfill and facility centres which recycle, or dispose collected construction waste.

All other segments are reflected as "Other segments" on the basis that these are not considered reportable segments. The "Other segments" category includes manufacture and supply of bins, as well as unallocated corporate costs which includes acquisition and integration costs.

Assets, liabilities and taxes are not disclosed and are only reported on a group basis. The Group only operates in Australia. No single customer contributed 2% or more to the Group's revenue for either 2019 or 2018.

| 2019                                   | Collections<br>\$'000 | Post<br>Collections<br>\$'000 | Other<br>\$'000          | Eliminations <sup>(i)</sup><br>\$'000 | Total<br>\$'000 |
|--|-----------------------|-------------------------------|--------------------------|---------------------------------------|-----------------|
| <b>Revenue</b>                         |                       |                               |                          |                                       |                 |
| Sales                                  | 213,480               | 239,655                       | 28,853                   | (86,249)                              | 395,739         |
| Other income                           | –                     | 4,134                         | 2,285                    | –                                     | 6,419           |
| <b>Total revenue and other income</b>  | <b>213,480</b>        | <b>243,789</b>                | <b>31,138</b>            | <b>(86,249)</b>                       | <b>402,158</b>  |
| EBITDA <sup>(ii)</sup>                 | 38,381                | 67,220                        | (33,169) <sup>(iv)</sup> | –                                     | 72,432          |
| Depreciation and amortisation expenses |                       |                               |                          |                                       | (35,827)        |
| Capital raising costs                  |                       |                               |                          |                                       | (683)           |
| Performance contract amortisation      |                       |                               |                          |                                       | (282)           |
| Net finance costs                      |                       |                               |                          |                                       | (4,845)         |
| Profit before income tax               |                       |                               |                          |                                       | 30,795          |
| Income tax expense                     |                       |                               |                          |                                       | (8,530)         |
| <b>Profit after tax</b>                |                       |                               |                          |                                       | <b>22,265</b>   |

(i) EBITDA represents earnings before interest, income tax, and depreciation, amortisation and impairments.

(ii) Eliminations relate to Post Collections sales (\$72.7 million) and Other sales (\$13.6 million).

(iii) EBITDA for the Group excludes certain Capital raising costs (\$0.7 million) and Performance contract amortisation (\$0.3 million).

(iv) EBITDA for Other segment includes \$22.3 million incurred on acquisition costs reflecting fees paid to advisors, stamp duty, and other acquisition related costs reflecting travel and employee costs. It also includes Integration costs of \$11.4 million to integrate businesses acquired, or being acquired, into the Group.

| 2018                                   | Collections<br>\$'000 | Post<br>Collections<br>\$'000 | Other<br>\$'000          | Eliminations <sup>(i)</sup><br>\$'000 | Total<br>\$'000 |
|--|-----------------------|-------------------------------|--------------------------|---------------------------------------|-----------------|
| <b>Revenue</b>                         |                       |                               |                          |                                       |                 |
| Sales                                  | 176,838               | 170,659                       | 26,051                   | (73,345)                              | 300,203         |
| Other income                           | 13                    | 1,915                         | 1,713                    | –                                     | 3,641           |
| <b>Total revenue and other income</b>  | <b>176,851</b>        | <b>172,574</b>                | <b>27,764</b>            | <b>(73,345)</b>                       | <b>303,844</b>  |
| EBITDA <sup>(ii)</sup>                 | 41,634                | 48,749                        | (5,473) <sup>(iii)</sup> | –                                     | 84,910          |
| Depreciation and amortisation expenses |                       |                               |                          |                                       | (21,875)        |
| Capital raising costs                  |                       |                               |                          |                                       | (813)           |
| Performance contract amortisation      |                       |                               |                          |                                       | (283)           |
| Net finance costs                      |                       |                               |                          |                                       | (6,713)         |
| Profit before income tax               |                       |                               |                          |                                       | 55,226          |
| Income tax expense                     |                       |                               |                          |                                       | (17,223)        |
| <b>Profit after tax</b>                |                       |                               |                          |                                       | <b>38,003</b>   |

(i) Eliminations relate to Post Collections sales (\$61.6 million) and Other sales (\$11.7 million).

(ii) EBITDA for the Group excludes certain Capital raising costs (\$0.8 million) and Performance contract amortisation (\$0.3 million).

(iii) EBITDA for Other segment includes \$2.3 million incurred on acquisition costs reflecting fees paid to advisors as well as other acquisition related costs reflecting travel and employee costs. It also includes Integration costs of \$6.5 million to integrate businesses acquired, or being acquired, into the Group.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6. Taxation

Income tax expense represents the sum of the tax currently payable net of deferred tax movements.

### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Consolidated Statement of Profit or Loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

When a component of goodwill is subsequently allocated to a business or asset held for sale, deferred tax assets associated with the goodwill allocated are assessed for recoverability. Where it is determined recoverability of a deferred tax asset not previously brought to account is probable, a deferred tax asset will be recognised through profit and loss in the current year.

### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised on other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where:

- a. a legally enforceable right of set-off exists; and
- b. the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Bingo Industries Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each members' liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

The Company is the Head Entity of the tax consolidation group. The members of the tax consolidated group are disclosed in Note 22. This includes entities joining the income tax consolidation group as a result of the acquisition of DADI and associated entities during the year. The relevant deferred tax asset and liability balances were transferred into the Group at acquisition.

|   | 2019<br>\$'000  | 2018<br>\$'000 |
|---|-----------------|----------------|
| <i>a) Income tax recognised in profit or loss</i>   |                 |                |
| <b>Current tax</b>  |                 |                |
| In respect of current year  | 17,658          | 17,871         |
| Adjustment related to prior year  | 49              | (274)          |
| R&D offset  | –               | (410)          |
| Acquired tax expense  | –               | (197)          |
| <b>Deferred tax</b>   |                 |                |
| In respect of current year <sup>(i)</sup>   | (9,177)         | 233            |
| <b>Total tax expense</b>  | <b>8,530</b>    | <b>17,223</b>  |
| <b>Income Tax expense reconciliation</b>  |                 |                |
| Profit before income tax  | 30,795          | 55,226         |
| Income tax expense calculated at 30%  | 9,239           | 16,568         |
| Increase/(decrease) in income tax expense due to:   |                 |                |
| Non-deductible expenses   | 6,757           | 929            |
| Deferred tax asset not previously recognised <sup>(ii)</sup>                                      | (7,530)         | –              |
| Overprovision in prior year   | (49)            | (274)          |
| Other adjustments   | 113             | –              |
| <b>Income Tax expense recognised in the profit or loss</b>  | <b>8,530</b>    | <b>17,223</b>  |
| <i>b) Deferred Income Tax</i>   |                 |                |
| Deferred income tax in the consolidated statement of financial position relates to the following: |                 |                |
| <b>Deferred tax assets</b>  |                 |                |
| IPO and capital raising costs   | 3,825           | 2,993          |
| Acquired blackhole deductions   | 2,512           | –              |
| Assets held for sale  | 7,530           | –              |
| Employee provisions   | 1,759           | 1,141          |
| Provision and accruals  | 9,036           | 1,846          |
| Borrowing costs   | –               | 47             |
|   | <b>24,662</b>   | <b>6,027</b>   |
| <b>Deferred tax liabilities</b>   |                 |                |
| Customer relationships and brands   | (8,663)         | (4,134)        |
| Performance contract  | (42)            | (128)          |
| Deferred income   | (900)           | (758)          |
| Plant and equipment   | (741)           | (510)          |
| Landfill void   | (39,969)        | –              |
| Assets held for sale  | (199)           | –              |
|   | <b>(50,514)</b> | <b>(5,530)</b> |
| <b>Net deferred tax (liabilities)/assets</b>  | <b>(25,852)</b> | <b>497</b>     |
| <i>c) Income tax liability</i>  |                 |                |
| <b>Income tax payable</b>   | <b>6,391</b>    | <b>10,591</b>  |
| <i>d) Income tax recognised directly in equity</i>  |                 |                |
| <b>Current tax</b>  |                 |                |
| Share issue costs   | –               | 204            |
|   | –               | 204            |
| <b>Deferred tax</b>   |                 |                |
| Arising on transactions with owners:  |                 |                |
| Share issue expenses deductible over five years   | 2,202           | 815            |
| <b>Total income tax recognised directly in equity</b>   | <b>2,202</b>    | <b>1,019</b>   |

(i) Relates to assets reclassified as held for sale during the year and the associated deferred tax assets on capital account not previously recognised.

(ii) Movement in deferred tax asset/(liabilities) during the year were recognised in profit and loss and in goodwill on acquisition.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 7. Earnings Per Share

### Basic earnings per share

Basic earnings per share is calculated by dividing the net profit after income tax attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the financial year.

### Diluted earnings per share

Diluted earnings per share adjusts basic earnings per share to take into account the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Dilutive potential ordinary shares are limited to performance rights issued under the Group's long-term and short-term incentive plans. Refer to Note 32 for details. The dilutive effect of the performance rights on the basic earnings per share reported below is minimal.

|  |               | 2019        | 2018        |
|--|---------------|-------------|-------------|
| Basic earnings per share (cents)   |               | 3.9         | 9.8         |
| Diluted earnings per share (cents)   |               | 3.9         | 9.8         |
| Profit for the year attributable to owners of the Company  | \$'000        | 22,265      | 38,003      |
| Weighted average number of ordinary shares used in the calculation of:   |               |             |             |
| • Basic earnings per share   | No. of shares | 573,611,670 | 386,060,204 |
| • Diluted earnings per share   | No. of shares | 576,187,110 | 387,741,358 |
| Reconciliation of weighted average number of ordinary shares used in the calculation of:   |               |             |             |
| • Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share <sup>(i)</sup>                  | No. of shares | 573,611,670 | 386,060,204 |
| Adjustments for calculation of diluted earnings per share:   |               |             |             |
| – Weighted average number of dilutive options and rights   | No. of shares | 2,575,440   | 1,681,154   |
| • Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share | No. of shares | 576,187,110 | 387,741,358 |

(i) The basic EPS denominator is the aggregate of the weighted average number of shares after deduction of shares permanently cancelled through the on-market share buy-back during the period.

## Note 8. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Cash at bank                              | 39,189         | 21,443         |
| <b>a. Total Cash and Cash Equivalents</b> | <b>39,189</b>  | <b>21,443</b>  |

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| <b>b. Reconciliation of profit for the year to net cash flows from operating activities</b> |                |                |
| Profit for the year attributable to owners of the Company                                   | 22,265         | 38,003         |
| Non-operating cash flows in profit  |                |                |
| • Depreciation and amortisation   | 35,827         | 21,875         |
| • Profit on sale of property, plant and equipment   | (102)          | (418)          |
| • Performance consideration amortisation  | 282            | 283            |
| • Net finance costs   | 4,845          | 6,713          |
| • Capital raising costs expensed to the statement of profit or loss                         | 683            | 813            |
| Changes in assets and liabilities:  |                |                |
| • decrease/(increase) in trade and other debtors  | 4,765          | (7,920)        |
| • decrease/(increase) in other assets   | 4,163          | (4,228)        |
| • (increase) in inventories   | (1,957)        | (2,611)        |
| • increase in trade and other creditors   | 15,860         | 6,138          |
| • (decrease)/increase in income taxes   | (13,586)       | 10,013         |
| • increase in provisions  | 1,964          | 939            |
| <b>Net cash provided by operating activities</b>  | <b>75,009</b>  | <b>69,600</b>  |

### c. Non-cash transactions

During the current year, in conjunction with the DADI acquisition, the Group acquired \$18,729 property, plant and equipment under finance lease (2018: \$Nil).

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9. Trade and Other Receivables

Trade and other receivables include amounts receivable for GST. Receivables expected to be collected within 12 months of the end of the reporting year are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are recognised at amortised cost less any loss allowance.

Trade receivables are usually settled in 30 days. No interest is charged on outstanding trade receivables. Before providing credit to a new customer, the Group requires a completed credit application, defines a credit limit and conducts a credit worthiness check.

Debts which are known to be uncollectable are written off. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

There is no customer who represents more than 2% (2018: 3%) of the total balance of trade and other receivables.

The Group has recognised a loss allowance for lifetime expected credit losses (ECL). The ECL is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at reporting date.

When the Group considers an exposure to be credit impaired it is individually assessed and a specific provision raised. This includes, but is not limited to, instances where the counterparty is in external receivership or liquidation.

| Trade receivables – days past due     | Expected Loss rate | Trade Receivables \$'000 | Loans to related parties <sup>(i)</sup> \$'000 | Loss Allowance \$'000 | Total Trade and other Receivables \$'000 |
|---------------------------------------|--------------------|--------------------------|--|-----------------------|--|
| <b>2019</b>                           |                    |                          |  |                       |  |
| Current                               | 0.25%              | 57,224                   | 81   | (143)                 | 57,162                                   |
| 30 – 60                               | 1.00%              | 8,448                    | –  | (84)                  | 8,364                                    |
| 60 – 90                               | 1.50%              | 2,416                    | –  | (36)                  | 2,380                                    |
| 90 +                                  | 2.00%              | 438                      | –  | (9)                   | 429                                      |
| Individually assessed                 |                    | 4,094                    | –  | (1,112)               | 2,982                                    |
|                                       |                    | <b>72,620</b>            | <b>81</b>                                      | <b>(1,384)</b>        | <b>71,317</b>                            |
| <b>2018 – restated<sup>(ii)</sup></b> |                    |                          |  |                       |  |
| Current                               | 0.25%              | 39,154                   | 177  | (98)                  | 39,233                                   |
| 30 – 60                               | 1.00%              | 4,883                    | –  | (49)                  | 4,834                                    |
| 60 – 90                               | 1.50%              | 273                      | –  | (4)                   | 269                                      |
| 90 +                                  | 2.00%              | –                        | –  | –                     | –  |
| Individually assessed                 |                    | 3,571                    | –  | (1,236)               | 2,335                                    |
|                                       |                    | <b>47,881</b>            | <b>177</b>                                     | <b>(1,387)</b>        | <b>46,671</b>                            |

(i) Related party receivables pertain to trade debtors arising from waste management services provided on normal commercial terms. These balances are receivable from entities related to one of the directors.

(ii) Prior year comparatives have not been restated to reflect AASB 9 as the Group has applied the simplified approach, however, for comparative purposes the above table has been provided as restated.

The movement in the loss allowance on trade debtors and other receivables during the year was as follows:

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Opening Balance                                   | 1,045          | 309            |
| Change on initial application of AASB 9           | 342            | –              |
| Opening Balance – restated                        | <b>1,387</b>   | <b>309</b>     |
| Provisions acquired through business combinations | –              | 309            |
| Provisions recognised                             | 57             | 517            |
| Amounts written off, previously provided for      | (60)           | (90)           |
| <b>Closing balance</b>                            | <b>1,384</b>   | <b>1,045</b>   |

## Note 10. Contract Assets

Amounts relating to contract assets are balances due from customers in relation to bins which have been delivered but which have not yet been collected and therefore the performance obligation is yet to be fulfilled. Contract assets are reclassified to trade receivables at the time at which the bins are collected and the performance obligation is fulfilled.

The Group measures the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the same principles and methodology applied to trade debtors. None of the amounts due from customers at the end of the reporting period are past due.

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. In the prior year, contract assets were included within trade and other receivables.

|  | 2019<br>\$'000 |
|--|----------------|
| Expected credit loss rate                  | 0.25%          |
| Estimated gross carrying amount at default | 3,595          |
| Lifetime ECL                               | (9)            |
| <b>Net carrying amount</b>                 | <b>3,586</b>   |

## Note 11. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on the first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Raw materials relate to inventory items that are used in the manufacture of bins.

|                          | 2019<br>\$'000 | 2018<br>\$'000 |
|--------------------------|----------------|----------------|
| Consumable products      | 991            | 699            |
| Raw materials            | 6,542          | 4,603          |
| Stock in transit         | 19             | 293            |
| <b>Total inventories</b> | <b>7,552</b>   | <b>5,595</b>   |

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 12. Other Assets

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| Performance consideration <sup>(i)</sup> | 142            | 425            |
| Deposits paid <sup>(ii)</sup>            | 3,175          | 6,871          |
| Prepayments                              | 1,749          | 423            |
| Other <sup>(iii)</sup>                   | 7,402          | 4,238          |
| <b>Total other assets</b>                | <b>12,468</b>  | <b>11,957</b>  |

(i) Performance consideration refers to a previously made payment for a one-off remuneration arrangement as a result of a business combination made in the year ended 30 June 2015. This balance is being amortised over the period of employment services.

(ii) Deposits paid includes security deposits of \$1.6 million, deposits on plant and equipment of \$0.5 million (2018: \$5.2 million), land option payment of \$0.4 million (2018: \$0.3m) and other items of \$0.7 million (2018: \$1.7 million).

(iii) Other includes \$3.8 million for costs associated with Kembla Grange rectification works and is expected to be fully recoverable from the Group's insurers (2018: \$3.3 million). Also included is a prepaid contribution for infrastructure (\$3.2 million) and other items (\$0.2 million).

## Note 13. Property, Plant and Equipment

Property, plant and equipment are measured on the cost basis and are carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial year in which they are incurred.

The depreciation rates used for each class of depreciable assets are:

| Class of fixed asset   | Depreciation Rate |
|------------------------|-------------------|
| Non-landfill buildings | 2.5%              |
| Plant and equipment    | 10% – 50%         |
| Trucks and machinery   | 10% – 33.3%       |
| Leasehold improvements | 8% – 25%          |

In the current year, total land and buildings have been separated into landfill assets and non-landfill land and buildings. For prior period comparatives, the sum of non-landfill land and buildings and landfill assets equates to the previously reported total land and buildings.

Non-landfill land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the consolidated statement of financial position at their cost.

Asset residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset. These gains or losses are recognised in the profit or loss when the item is de-recognised.

## Landfill Assets

Landfill assets comprise:

- landfill land;
- site infrastructure and landfill site improvement costs;
- cell development costs; and,
- the asset related to future landfill site restoration and monitoring.

Landfill land will be recognised separately from other landfill related assets when it is considered to have value at the end of the landfill site's useful life for development. This land is not depreciated; it is carried at its original cost and tested for impairment.

Site infrastructure and landfill site improvement costs include capital works such as site access roads and other capital costs relating to multiple cells on the landfill site. These costs are capitalised as incurred and depreciated using the useful life of the asset or the life of the landfill up until reaching capacity.

Cell development costs include excavation costs, cell lining costs and leachate collection costs. Cell development costs are capitalised as incurred.

The landfill remediation assets comprise capping costs and costs to remediate and monitor the site over the life of the landfill including post closure. Capping costs together with cost of aftercare (see Provision for landfill remediation in Note 17) are recognised over time commencing when the site first accepts waste.

The depreciation, for cell development costs and the remediation asset, is calculated by the tonnes of landfill capacity utilised during the reporting period divided by the total landfill capacity at the beginning of the reporting period, such that all costs are completely depreciated when full capacity is reached, and it cannot legally accept any more waste.

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Non-landfill land and buildings at cost         | 274,677        | 122,467        |
| Non-landfill buildings accumulated depreciation | (2,640)        | (994)          |
| <b>Non-landfill land and buildings net</b>      | <b>272,037</b> | <b>121,473</b> |
| Landfill assets at cost                         | 51,300         | –              |
| Landfill assets accumulated depreciation        | –              | –              |
| <b>Landfill assets net</b>                      | <b>51,300</b>  | <b>–</b>       |
| Leasehold improvements at cost                  | 22,430         | 4,381          |
| Leasehold improvements accumulated depreciation | (829)          | (374)          |
| <b>Lease improvements net</b>                   | <b>21,601</b>  | <b>4,007</b>   |
| Plant and equipment at cost                     | 147,033        | 95,934         |
| Plant and equipment accumulated depreciation    | (36,568)       | (22,752)       |
| <b>Plant and equipment net</b>                  | <b>110,465</b> | <b>73,182</b>  |
| Trucks and machinery at cost                    | 74,741         | 53,294         |
| Trucks and machinery accumulated depreciation   | (17,816)       | (12,293)       |
| <b>Trucks and machinery net</b>                 | <b>56,925</b>  | <b>41,001</b>  |
| <b>Work in progress net</b> <sup>(i) (ii)</sup> | <b>166,839</b> | <b>125,043</b> |
| <b>Total property, plant and equipment</b>      | <b>679,167</b> | <b>364,706</b> |

(i) Includes the acquisition of land at Patons Lane ("Patons Lane"), which was purchased on 11 December 2017, and other costs of construction. Patons Lane is a greenfield resource recovery centre ("RRC") and landfill in Western Sydney with development approvals in place. The carrying value of Patons Lane as at 30 June 2019 was \$136.2 million, which includes capitalised costs to date (2018: \$97.3 million) for construction works completed subsequent to year-end. The site commenced its recycling operations in July 2019.

(ii) As at 30 June 2019 the Group had paid a deposit of EUR 0.89 million (\$1.4 million) and a stage payment of EUR 1.78 million (\$2.8 million) for certain plant and equipment under construction. Further stage payments, and completion and installation are expected in FY20. A final retention payment is expected in FY21. Further contractual stage payments are included in the summary of the Group's commitments in Note 29.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 13. Property, Plant and Equipment (continued)

|  | Non-landfill<br>land and<br>buildings<br>at cost<br>\$'000 | Landfill<br>assets<br>at cost<br>\$'000 | Lease<br>improve-<br>ments<br>at cost<br>\$'000 | Plant and<br>equipment<br>at cost<br>\$'000 | Trucks<br>and<br>machinery<br>at cost<br>\$'000 | Work in<br>progress<br>at cost <sup>(i)</sup><br>\$'000 | Total<br>\$'000 |
|--|--|---|---|---|---|---|-----------------|
| <b>Cost</b>  |  |   |   |   |   |   |                 |
| Balance at 1 July 2017                                     | 101,843  | –                                       | 1,381   | 64,647                                      | 42,440  | –   | 210,311         |
| Additions  | 8,413  | –                                       | 3,051   | 29,127                                      | 9,590   | 125,043   | 175,224         |
| Transfer from Leasehold Improvements <sup>(i)</sup>        | –  | –                                       | –   | –   | –   | –   | –               |
| Disposals  | –  | –                                       | (51)  | (3,352)                                     | (5,757)   | –   | (9,160)         |
| Acquisitions   | 16,897   | –                                       | –   | 5,512                                       | 7,021   | –   | 29,430          |
| Reclassification to Asset held for sale                    | (4,686)  | –                                       | –   | –   | –   | –   | (4,686)         |
| <b>Balance as at 30 June 2018</b>                          | <b>122,467</b>   | <b>–</b>                                | <b>4,381</b>                                    | <b>95,934</b>                               | <b>53,294</b>                                   | <b>125,043</b>  | <b>401,119</b>  |
| Balance at 1 July 2018                                     | 122,467  | –                                       | 4,381   | 95,934                                      | 53,294  | 125,043   | 401,119         |
| Additions  | 34,121   | –                                       | 689   | 27,928                                      | 19,724  | 100,486   | 182,948         |
| Transfer from Work in progress                             | 27,136   | –                                       | 18,814  | 12,928                                      | –   | (58,878)  | –               |
| Transfer from Leasehold Improvements <sup>(i)</sup>        | 1,329  | –                                       | (1,397)   | 68  | –   | –   | –               |
| Disposals  | –  | –                                       | (57)  | (2,664)                                     | (3,003)   | –   | (5,724)         |
| Acquisition through business combinations                  | 100,743  | 51,300                                  | –   | 15,774                                      | 4,726   | 188   | 172,731         |
| Reclassification from Asset held for sale <sup>(iii)</sup> | 4,674  | –                                       | –   | –   | –   | –   | 4,674           |
| Reclassification to Asset held for sale <sup>(iv)</sup>    | (15,793)   | –                                       | –   | (2,935)                                     | –   | –   | (18,728)        |
| <b>Balance as at 30 June 2019</b>                          | <b>274,677</b>   | <b>51,300</b>                           | <b>22,430</b>                                   | <b>147,033</b>                              | <b>74,741</b>                                   | <b>166,839</b>  | <b>737,020</b>  |
| <b>Accumulated depreciation</b>                            |  |   |   |   |   |   |                 |
| Balance at 1 July 2017                                     | 100  | –                                       | 125   | 12,845                                      | 7,928   | –   | 20,998          |
| Depreciation expense                                       | 906  | –                                       | 249   | 10,900                                      | 5,612   | –   | 17,667          |
| Write back on disposal                                     | –  | –                                       | –   | (993)                                       | (1,247)   | –   | (2,240)         |
| Reclassification of Asset held for sale <sup>(iii)</sup>   | (12)   | –                                       | –   | –   | –   | –   | (12)            |
| <b>Balance as at 30 June 2018</b>                          | <b>994</b>   | <b>–</b>                                | <b>374</b>                                      | <b>22,752</b>                               | <b>12,293</b>                                   | <b>–</b>  | <b>36,413</b>   |
| Balance at 1 July 2018                                     | 994  | –                                       | 374   | 22,752                                      | 12,293  | –   | 36,413          |
| Depreciation expense                                       | 2,175  | –                                       | 645   | 16,499                                      | 7,277   | –   | 26,596          |
| Write back on disposal                                     | –  | –                                       | (190)   | (1,379)                                     | (1,754)   | –   | (3,323)         |
| Reclassification of Asset held for sale <sup>(iv)</sup>    | (529)  | –                                       | –   | (1,304)                                     | –   | –   | (1,833)         |
| <b>Balance as at 30 June 2019</b>                          | <b>2,640</b>   | <b>–</b>                                | <b>829</b>                                      | <b>36,568</b>                               | <b>17,816</b>                                   | <b>–</b>  | <b>57,853</b>   |
| <b>Net book value at 30 June 2018</b>                      | <b>121,473</b>   | <b>–</b>                                | <b>4,007</b>                                    | <b>73,182</b>                               | <b>41,001</b>                                   | <b>125,043</b>  | <b>364,706</b>  |
| <b>Net book value at 30 June 2019</b>                      | <b>272,037</b>   | <b>51,300</b>                           | <b>21,601</b>                                   | <b>110,465</b>                              | <b>56,925</b>                                   | <b>166,839</b>  | <b>679,167</b>  |

(i) Following the acquisition of the properties any leasehold improvements to such properties have been reclassified to either Land and Buildings or Plant and Equipment.

(ii) Includes Patons Lane and other works under construction. As at 30 June 2019, \$1.2 million had been capitalised in relation to the implicit interest on the deferred payment purchase structure of the Patons Lane qualifying asset.

(iii) Helensburgh assets are no longer treated as held for sale.

(iv) Banksmeadow land and buildings have been classified as assets held for sale (refer to Note 19).

The property, plant and equipment have been pledged to secure the borrowings of the Group (see Note 23).

As detailed below, the Group has entered into, and exercised, several Option agreements during the year.

### **a. Options exercised over IPO Properties**

As part of the corporate reorganisation process, on 9 May 2017, the Group entered into deeds of assignment to enable the Group to acquire the option rights for a number of properties. During the year the remaining of these Options were exercised.

#### **Deed of Put and Call Option – Smithfield Premises**

During the period, the call option for the Smithfield Premises was exercised by the Group. The purchase price of this property under the option was \$2,400,000.

#### **Deed of Call Option – Tomago Premises**

During the period, the call option for the Tomago Premises was exercised by the Group. The purchase price of this property under the option was \$730,000.

### **b. Options exercised over other properties**

Other properties under option that have been exercised during the year are detailed below.

#### **Deed of Put and Call Option – Revesby Premises**

During the period, the call option for the Revesby Premises was exercised by the Group. The purchase price for the property under the option was \$17,000,000.

### **c. Options entered into over Eastern Creek Expansionary Land**

As part of the sale and purchase agreement for the acquisition of DADI, the Group contemporaneously entered into various put and call options over several parcels of land adjacent to the Eastern Creek landfill site (“Expansionary Land”). The Group paid no consideration for either the parcels of land or options over the land, nor has any existing enforceable obligation to pay for the land.

The Expansionary Land is currently in the process of subdivision into three individual lots and is subject to a Project Deed. Should the subdivision of the Expansionary Land complete, from the Group’s perspective three categories of land will result; Sale Land; Residual Land and Option Land. Currently, sale agreements are in place for the Sale Land and Residual land which would execute on completion of the subdivision with third parties. The Group is required to pass on all proceeds of these sales to the pre-acquisition DADI shareholders.

In relation to the Option land, not currently party to a sale agreement, being 27 hectares at Eastern Creek. The Group has a two year put option to put the land to a related party of the director related entity from which the Group purchased DADI. Should the Group not elect to put the land back to the vendors, the Group will be required to pay additional purchase consideration for that land of \$98 million, which approximates the land’s fair value.

Should the terms of the Project Deed not be met and the land is not subdivided, a call over all Expansionary Land can be exercised enabling the vendor, a director related entity, to obtain all parcels of Expansionary Land for nil consideration under the option.

### **d. Other Options entered into**

#### **Call Option – Alexandria Premises**

As part of the acquisition of DADI, the Group entered into 5-year call options with a director related party for the purchase of two parcels of land in Alexandria. The Group currently leases these premises under 4.5-year leases, with four further 4.5-year options to renew from the director related entity. Market rent is currently paid on the premises and a nominal fee of \$10 each was paid to secure the call options. If exercised within the next 5 years, the Group may acquire the parcels of land in Alexandria for at least \$63.6 million, escalating annually at 4% per annum and compounding monthly. The purchase price in years 3, 4 and 5 is the greater of the market price and the indexed amount.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 13. Property, Plant and Equipment (continued)

### e. Options retained

The terms of options over properties that are still in place are summarised below.

#### Deed of Call Option – Clayton South Premises

The Group is party to a deed of option with an unrelated third party (grantor) dated 3 October 2017.

Under this deed, the grantor grants the Group a call option to acquire the Clayton South Premises. The call option may be exercised in the period from 3 October 2017 to 3 August 2020.

On exercise of the call option, a contract for sale of land in respect of the Clayton South Premises is deemed to have been entered into between the grantor and the Group.

A call option fee of \$300,000 has been paid. Should the call be exercised, this will be treated as a deposit against the purchase price. The total purchase price under the option for the Clayton South Premise is \$7,000,000.

#### Deed of Call Option – Minto Premises

The Group is party to a deed of option with an unrelated third party (grantor) dated 26 April 2017 and amended on 28 November 2018.

Under this deed, the grantor grants the Group a call option to acquire the Minto Premises. The call option may be exercised in the period from 1 July 2019 to 22 July 2019.

On exercise of the call option, a contract for sale of land in respect of the Minto Premises is deemed to have been entered into between the grantor and the Group.

This option was exercised subsequent to the end of the reporting period in July 2019. The purchase price under the option was \$4,250,000. The call option fee of \$100,000 has been treated as a deposit against the purchase price.

## Note 14. Intangible Assets

Intangibles relate to goodwill arising from the acquisition of the subsidiaries. Other intangible assets relate to acquisition of assets such as customer contracts, software, certain brands and trademarks, and landfill voids. Intangible assets acquired as part of the DADI acquisition have been provisionally accounted for at year end as third party valuations are not yet final.

### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the acquired business. Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is allocated to the Group's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the business sold.

When an asset is reclassified as held for sale, a component of the relevant cash generating unit goodwill is allocated to the disposal group as at the date of initial reclassification.

### Landfill Void

The landfill void is measured at fair value on acquisition using a discounted cashflow method and depreciated over its useful life.

## Customer relationships

The Group measures the carrying values of customer relationships acquired in a business combination by reference to the fair value as at acquisition date less related amortisation based on expected useful lives. The fair value is determined based on a methodology adopted involving subjective underlying assumptions, including cash flow forecasts, discount rates, attrition rates and assessment of useful lives. The customer contracts are being amortised over 5 years, with the exception of collections customer contracts acquired as part of the DADI acquisition, which are amortised over 12 years.

## Software

Software includes development costs which are capitalised only when:

- the technical feasibility and commercial viability of the project is demonstrated;
- the consolidated entity has an intention and ability to complete the project and use it or sell it; and
- the costs can be measured reliably.

Such costs include payments to external contractors to develop the software, any purchase of materials and equipment and personnel costs of employees directly involved in the project. The software development asset is amortised over 5 years. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

## Brands

The Group measures intangible assets that have a finite useful life at cost less accumulated amortisation and accumulated impairment losses. The DADI brand has been amortised on a straight-line basis over its estimated useful life of 2 years.

## Other intangibles

Other intangibles include patents and trademarks. These have an indefinite useful life and are stated at cost.

|                          | 2019<br>\$'000 | 2018<br>\$'000 |
|--------------------------|----------------|----------------|
| Goodwill                 | 328,398        | 105,423        |
| Landfill void            | 133,228        | –              |
| Customer relationships   | 26,791         | 13,778         |
| Patents and Trademarks   | 84             | 80             |
| Software                 | 6,892          | 2,589          |
| Brands                   | 2,083          | –              |
| <b>Total intangibles</b> | <b>497,476</b> | <b>121,870</b> |

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 14. Intangible Assets (continued)

|  | Note | Goodwill<br>\$'000 | Landfill<br>Void<br>\$'000 | Customer<br>relationships<br>\$'000 | Patents and<br>Trademarks<br>\$'000 | Software<br>\$'000 | Brands<br>\$'000 | Total<br>\$'000 |
|--|------|--------------------|----------------------------|-------------------------------------|-------------------------------------|--------------------|------------------|-----------------|
| Balance 1 July 2017                      |      | 44,317             | –                          | 8,475                               | 80                                  | 1,325              | –                | 54,197          |
| Acquisition of businesses                |      | 61,106             | –                          | 8,966                               | –                                   | –                  | –                | 70,072          |
| Additions                                |      | –                  | –                          | –                                   | –                                   | 1,809              | –                | 1,809           |
| Amortisation                             |      | –                  | –                          | (3,663)                             | –                                   | (545)              | –                | (4,208)         |
| <b>Balance 30 June 2018</b>              |      | <b>105,423</b>     | <b>–</b>                   | <b>13,778</b>                       | <b>80</b>                           | <b>2,589</b>       | <b>–</b>         | <b>121,870</b>  |
| Consists of:                             |      |                    |                            |                                     |                                     |                    |                  |                 |
| Costs                                    |      | 105,423            | –                          | 19,796                              | 80                                  | 3,606              | –                | 128,905         |
| Accumulated amortisation                 |      | –                  | –                          | (6,018)                             | –                                   | (1,017)            | –                | (7,035)         |
| <b>Balance 30 June 2018</b>              |      | <b>105,423</b>     | <b>–</b>                   | <b>13,778</b>                       | <b>80</b>                           | <b>2,589</b>       | <b>–</b>         | <b>121,870</b>  |
| Balance 1 July 2018                      |      | 105,423            | –                          | 13,778                              | 80                                  | 2,589              | –                | 121,870         |
| Acquisition of businesses                | 18   | 230,475            | 136,062                    | 18,553                              | –                                   | 110                | 2,500            | 387,700         |
| Additions                                |      | –                  | –                          | –                                   | 4                                   | 5,225              | –                | 5,229           |
| Reclassification to assets held for sale | 19   | (7,500)            | –                          | (665)                               | –                                   | –                  | –                | (8,165)         |
| Amortisation                             |      | –                  | (2,834)                    | (4,875)                             | –                                   | (1,032)            | (417)            | (9,158)         |
| <b>Balance 30 June 2019</b>              |      | <b>328,398</b>     | <b>133,228</b>             | <b>26,791</b>                       | <b>84</b>                           | <b>6,892</b>       | <b>2,083</b>     | <b>497,476</b>  |
| Consists of:                             |      |                    |                            |                                     |                                     |                    |                  |                 |
| Costs                                    |      | 328,398            | 136,062                    | 37,684                              | 84                                  | 8,941              | 2,500            | 513,669         |
| Accumulated amortisation                 |      | –                  | (2,834)                    | (10,893)                            | –                                   | (2,049)            | (417)            | (16,193)        |
| <b>Balance 30 June 2019</b>              |      | <b>328,398</b>     | <b>133,228</b>             | <b>26,791</b>                       | <b>84</b>                           | <b>6,892</b>       | <b>2,083</b>     | <b>497,476</b>  |

## Allocation of intangible assets

|                        | Collections<br>\$'000 | Post<br>Collections<br>\$'000 | Other<br>\$'000 | Corporate<br>\$'000 | Total<br>\$'000 |
|------------------------|-----------------------|-------------------------------|-----------------|---------------------|-----------------|
| <b>2019</b>            |                       |                               |                 |                     |                 |
| Goodwill               | 133,061               | 192,221                       | 3,116           | –                   | 328,398         |
| Landfill Void          | –                     | 133,228                       | –               | –                   | 133,228         |
| Customer relationships | 8,946                 | 17,752                        | 93              | –                   | 26,791          |
| Patents and Trademarks | –                     | –                             | –               | 84                  | 84              |
| Software               | –                     | –                             | –               | 6,892               | 6,892           |
| Brands                 | 2,083                 | –                             | –               | –                   | 2,083           |
|                        | 144,090               | 343,201                       | 3,209           | 6,976               | 497,476         |
| <b>2018</b>            |                       |                               |                 |                     |                 |
| Goodwill               | 63,150                | 39,158                        | 3,115           | –                   | 105,423         |
| Customer relationships | 7,874                 | 5,641                         | 263             | –                   | 13,778          |
| Patents and Trademarks | –                     | –                             | –               | 80                  | 80              |
| Software               | –                     | –                             | –               | 2,589               | 2,589           |
|                        | 71,024                | 44,799                        | 3,378           | 2,669               | 121,870         |

The carrying amount of goodwill is allocated to cash generating units as follows:

| <b>Goodwill</b> | <b>Collections<br/>\$'000</b> | <b>Post<br/>Collections<br/>\$'000</b> | <b>Other<br/>\$'000</b> | <b>Corporate<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|-----------------|-------------------------------|--|-------------------------|-----------------------------|-------------------------|
| <b>2019</b>     |                               |  |                         |                             |                         |
| NSW             | 105,451                       | 179,328                                | 3,116                   | –                           | 287,895                 |
| VIC             | 27,610                        | 12,893                                 | –                       | –                           | 40,503                  |
|                 | 133,061                       | 192,221                                | 3,116                   | –                           | 328,398                 |

| <b>Goodwill</b> | <b>Collections<br/>\$'000</b> | <b>Post<br/>Collections<br/>\$'000</b> | <b>Other<br/>\$'000</b> | <b>Corporate<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|-----------------|-------------------------------|--|-------------------------|-----------------------------|-------------------------|
| <b>2018</b>     |                               |  |                         |                             |                         |
| NSW             | 37,360                        | 26,576                                 | 3,115                   | –                           | 67,051                  |
| VIC             | 25,790                        | 12,582                                 | –                       | –                           | 38,372                  |
|                 | 63,150                        | 39,158                                 | 3,115                   | –                           | 105,423                 |

## Impairment of assets

Goodwill has been allocated for impairment testing purposes to the following cash generating units:

- Collections – NSW
- Collections – VIC
- Post Collections – NSW
- Post Collections – VIC
- Other

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss, if any, is recognised for the amount by which the carrying amount exceeds its recoverable amount.

The recoverable amount of each cash generating unit is determined based on value-in-use calculations. Value-in-use calculations use cash flow projections based on financial budgets, excluding growth initiatives, covering a projected five-year period and a post-tax discount rate of 9.0% per annum (2018: 9.5%).

Cash flow projections during the budget period are based on the respective cash generating units' having consistent gross margins throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 2.5% per annum growth rate (2018: 2.5%), other than those cashflows associated with landfill assets. Cashflows from the landfill assets are limited to the remaining capacity of the site. Annual capital expenditure is based on expected cash costs to maintain assets in their current condition. The directors believe that any reasonable change in the key assumptions to revenue growth or discount rate on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 15. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting year or are required to be reimbursed to management where such expenses have been paid by management on behalf of the Group. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| <b>Current</b>                               |                |                |
| Trade creditors                              | 37,329         | 27,240         |
| Other creditors and accruals <sup>(iv)</sup> | 77,190         | 18,366         |
| Deferred settlement <sup>(ii)</sup>          | 30,635         | 29,532         |
| Related party payables <sup>(iii)</sup>      | 520            | –              |
| <b>Total trade and other payables</b>        | <b>145,674</b> | <b>75,138</b>  |
| <b>Non-current</b>                           |                |                |
| Deferred settlement <sup>(i)</sup>           | –              | 28,899         |
| <b>Other payables</b>                        | <b>–</b>       | <b>28,899</b>  |

- (i) On 11 December 2017, the Group completed the purchase of land at Patons Lane. The consideration for Patons Lane is \$90 million, structured over three payments of \$30 million in December 2017, December 2018 and July 2019. The second payment of \$30 million was made in December 2018. As the remaining third payment is due in July 2019, it has been reclassified as a current liability. The amount recognised as a current liability (\$29.997 million) is measured as the present value of the expected future payment.
- (ii) An amount of \$637,500 in deferred consideration is outstanding as at 30 June 2019 with respect to the acquisition of Cozee's Bins in January 2019.
- (iii) Includes amounts outstanding to related parties for rent, media and advertising and reimbursement of business expenses.
- (iv) Includes an estimated stamp duty accrual relating to the DADI acquisition of \$24.99 million.

## Note 16. Contract Liabilities

Contract Liabilities arise when bins have been delivered to customer sites and have not been collected as the performance obligation is to yet to be fulfilled. The value is reported net of the cost to collect. The Group expects to recognise revenue held in contract liabilities within 30 days.

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

|                                     | 2019<br>\$'000 | 2018<br>\$'000 |
|-------------------------------------|----------------|----------------|
| <b>Current</b>                      |                |                |
| Contract liabilities <sup>(i)</sup> | 3,056          | 2,534          |
| <b>Total Contract Liabilities</b>   | <b>3,056</b>   | <b>2,534</b>   |

- (i) In the prior year, contract liabilities were disclosed as deferred revenue under Trade and Other Payables.

## Note 17. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

### Employee benefits

#### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

|                                       | 2019<br>\$'000 | 2018<br>\$'000 |
|---------------------------------------|----------------|----------------|
| <b>Current</b>                        |                |                |
| Annual leave                          | 4,284          | 2,732          |
| Long service leave                    | 727            | 376            |
| <b>Total provisions (Current)</b>     | <b>5,011</b>   | <b>3,108</b>   |
| <b>Non-current</b>                    |                |                |
| Long service leave                    | 853            | 695            |
| Make good provision                   | 134            | –              |
| Remediation provision                 | 9,000          | –              |
| <b>Total provisions (Non-current)</b> | <b>9,987</b>   | <b>695</b>     |

### Make Good Provision

Make good provisions in relation to the Group's leased properties are reviewed periodically and updated based on facts and circumstances known at the time, applying certain assumptions about the risk rating related to the relevant site. Changes in estimates related to removing structures on leased sites are recognised in the Consolidated Statement of Financial Position by adjusting the leasehold improvement asset and the make good provision.

|                            | 2019<br>\$'000 | 2018<br>\$'000 |
|----------------------------|----------------|----------------|
| <i>Make good provision</i> |                |                |
| Opening balance            | –              | –              |
| Provisions recognised      | 134            | –              |
| <b>Closing balance</b>     | <b>134</b>     | <b>–</b>       |

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 17. Provisions (continued)

### Rectification and Remediation provision

#### Landfill Remediation

Landfill sites are operated under a licence issued by the Environmental Protection Authority (EPA) which generally requires that once a landfill site is full, it is left in a condition specified by the EPA and is monitored for a defined period of time after closure.

Remediation occurs on an ongoing basis, as the landfill is operating, at the time the landfill closes and through post-closure. It comprises the costs associated with capping landfills (covering the waste within the landfill) and remediating and monitoring the landfill in accordance with the licence or environmental requirements.

Landfill remediation costs are provided for when operations commence and at the same time a landfill remediation asset is recognised. This reflects the present obligation to remediate the landfill sites once the site begins operating. The provision is stated at the present value of the future cash outflows expected to be incurred, which increases each period due to the passage of time and is recognised in provisions in the Consolidated Balance Sheet.

The annual change in the net present value of the provision due to the passage of time is recognised in the Consolidated Statement of Profit or Loss as a time value adjustment in finance costs. Due to the long-term nature of remediation obligations, changes in estimates occur over time. Any change in the provision for future landfill site restoration and aftercare costs arising from a change in estimate of those costs and related to landfill sites which are still accepting waste, is recognised as an addition or reduction to the remediation asset in the Consolidated Balance Sheet. Changes to the remediation provision once the site is filled are expensed to the Consolidated Statement of Profit or Loss.

#### Landfill Rectification

Where, as a result of operating and utilising the landfill, the Group has an obligation to bring the asset back to the normal operating standard required under the licence and EPA or council requirements at the end of the reporting period, a provision for rectification is recognised. The amount of the provision is determined based on the net present value of the amount the group expects to pay to rectify the site. All rectification costs are expensed to the Consolidated Statement of Profit or Loss. To enable the estimation of future costs the Group engaged the services of third-party environmental engineers to assist with calculations. Calculations assume a 16-year operational life of the landfill site. There was no rectification provision as at 30 June 2018 as the Group was not operating landfill operations in the prior year.

|                              | 2019<br>\$'000 | 2018<br>\$'000 |
|------------------------------|----------------|----------------|
| <i>Remediation provision</i> |                |                |
| Opening balance              | –              | –              |
| Provisions recognised        | 9,000          | –              |
| <b>Closing balance</b>       | <b>9,000</b>   | <b>–</b>       |

## Note 18. Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred to the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Goodwill arises in a business combination when the consideration transferred to the acquiree is greater than the net of the acquisition-date amounts of identifiable assets and the liabilities assumed. Acquisition-related costs are recognised in profit or loss as incurred.

| 2019                         |                              | Cash consideration <sup>(iii)</sup> | Shares issued  | Deferred consideration | Total consideration |
|------------------------------|------------------------------|-------------------------------------|----------------|------------------------|---------------------|
| Date of Acquisition          | Business Segment             | \$'000                              | \$'000         | \$'000                 | \$'000              |
| February 2019 <sup>(i)</sup> | Collections/Post Collections | 6,334                               | –              | 850                    | 7,184               |
| March 2019 <sup>(ii)</sup>   | Collections/Post Collections | 375,913                             | 127,953        | –                      | 503,866             |
|                              |                              | <b>382,247</b>                      | <b>127,953</b> | <b>850</b>             | <b>511,050</b>      |

- (i) Cozee's Bins acquisition. This involved the acquisition of the assets and operations only. The acquisition of Cozee's Bins expanded our operations footprint in VIC.
- (ii) Dial-A-Dump acquisition. Alexandria Landfill Pty Ltd is the parent entity of the DADI group which includes Dial A Dump Industries Pty Ltd, Dial-A-Dump (EC) Pty Ltd and IRM Property No2 Pty Ltd. The acquisition of DADI significantly expanded the Group's post-collections operations footprint including landfill disposal in NSW.
- (iii) Cash consideration paid during the year as reflected on the Consolidated Statement of Cash Flows = Cash consideration per above table (\$382.2 million) less cash balances acquired on acquisition (\$1.8 million) – net stamp duty payable after 30 June 2019 (\$10.2 million) + Deferred consideration paid prior to 30 June 2019 (\$0.2 million).

The fair values of the assets and liabilities acquired above during February and March 2019 are provisional values and are pending final valuations and revised final attributable cost allocation calculation for income tax purposes. On completion of the final valuations the balances for the acquisition may be revised in accordance with applicable Australian Accounting Standards. Adjustments may be required to the provisional values.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Business Combinations (continued)

The aggregated provisional and finalised fair value of the identifiable assets and liabilities of the business combinations at their dates of acquisition were:

### Fair values recognised on acquisition during the year

| Provisional values                      | Dial-A-Dump           |                               |                 | Cozee's Bins          |                               | Consolidated    |                |
|---|-----------------------|-------------------------------|-----------------|-----------------------|-------------------------------|-----------------|----------------|
|   | Collections<br>\$'000 | Post<br>Collections<br>\$'000 | Total<br>\$'000 | Collections<br>\$'000 | Post<br>Collections<br>\$'000 | Total<br>\$'000 | \$'000         |
| <b>2019</b>                             |                       |                               |                 |                       |                               |                 |                |
| <b>Assets</b>                           |                       |                               |                 |                       |                               |                 |                |
| Cash                                    | 176                   | 1,672                         | 1,848           | –                     | –                             | –               | 1,848          |
| Debtors and other assets <sup>(i)</sup> | 4,070                 | 34,485                        | 38,555          | –                     | –                             | –               | 38,555         |
| Land and Buildings                      | 4,934                 | 91,475                        | 96,409          | –                     | 4,334                         | 4,334           | 100,743        |
| Landfill Assets                         | –                     | 51,300                        | 51,300          | –                     | –                             | –               | 51,300         |
| Plant and Equipment                     | 2,721                 | 12,946                        | 15,667          | 53                    | 54                            | 107             | 15,774         |
| Trucks and Machinery                    | 743                   | 3,582                         | 4,325           | 401                   | –                             | 401             | 4,726          |
| Work in Progress                        | –                     | 188                           | 188             | –                     | –                             | –               | 188            |
| Landfill void                           | –                     | 136,062                       | 136,062         | –                     | –                             | –               | 136,062        |
| Software                                | 19                    | 91                            | 110             | –                     | –                             | –               | 110            |
| Customer relationships                  | 14,711                | 3,075                         | 17,786          | 679                   | 88                            | 767             | 18,553         |
| Brands                                  | 2,500                 | –                             | 2,500           | –                     | –                             | –               | 2,500          |
| <b>Liabilities</b>                      |                       |                               |                 |                       |                               |                 |                |
| Trade and other payables                | (3,682)               | (35,072)                      | (38,754)        | –                     | –                             | –               | (38,754)       |
| Provision for rectification             | –                     | (9,000)                       | (9,000)         | –                     | –                             | –               | (9,000)        |
| Employee entitlements                   | (338)                 | (3,216)                       | (3,554)         | –                     | –                             | –               | (3,554)        |
| Deferred tax liability                  | (3,563)               | (33,935)                      | (37,498)        | (204)                 | (26)                          | (230)           | (37,728)       |
| Lease Liability                         | (2)                   | (17)                          | (19)            | –                     | –                             | –               | (19)           |
| Total net identifiable assets           | 22,289                | 253,636                       | 275,925         | 929                   | 4,450                         | 5,379           | 281,304        |
| Goodwill                                | 67,717                | 160,224                       | 227,941         | 1,597                 | 208                           | 1,805           | 229,746        |
| <b>Consideration transferred</b>        | <b>90,006</b>         | <b>413,860</b>                | <b>503,866</b>  | <b>2,526</b>          | <b>4,658</b>                  | <b>7,184</b>    | <b>511,050</b> |

(i) Gross receivables amount to \$42,277,000 and an ECL allowance of \$3,722,000 has been derived and offset against the gross amount to determine the fair value of receivables. The fair value approximates the best estimate of anticipated cash flows to be collected.

| <b>Total purchase consideration</b>   | <b>Dial-A-Dump<br/>\$'000</b> | <b>Cozee's Bins<br/>\$'000</b> |
|---------------------------------------|-------------------------------|--------------------------------|
| Cash                                  | 375,913                       | 6,334                          |
| Non-cash consideration <sup>(i)</sup> | 127,953                       | –                              |
| Deferred consideration                | –                             | 850                            |
|                                       | <b>503,866</b>                | <b>7,184</b>                   |

(i) 78,740,154 shares were issued. Refer to Note 26 for more details.

| <b>Net cash flow on acquisition</b>   | <b>Dial-A-Dump<br/>\$'000</b> | <b>Cozee's Bins<br/>\$'000</b> |
|---|-------------------------------|--------------------------------|
| Net cash acquired (included in cash flows from investing activities)                    | (1,848)                       | –                              |
| Cash Consideration paid (included in cash flows from investing activities)              | 365,698                       | 6,334                          |
| Contingent consideration paid (included in cash flows from investing activities)        | –                             | 212                            |
| Transaction costs of the acquisition (included in cash flows from operating activities) | (7,394)                       | (66)                           |
|   | <b>356,456</b>                | <b>6,480</b>                   |

### Reconciliation of National Recycling Group fair values that were finalised during the period

At 30 June 2018, the fair values of the assets and liabilities acquired as part of the acquisition of the National Recycling Group (NRG) during January 2018 were provisional values. The fair values were finalised at 31 December 2018 in a restatement of the previously disclosed provisional values. A reconciliation of these changes is included in the table below.

| <b>National Recycling Group<sup>(i)</sup></b> | <b>Provisional values at<br/>30 June 2018</b> |  |                         | <b>Finalised values at<br/>31 December 2018</b> |  |                         | <b>Change</b> |
|---|---|--|-------------------------|---|--|-------------------------|---------------|
|   | <b>Collections<br/>\$'000</b>                 | <b>Post<br/>Collections<br/>\$'000</b> | <b>Total<br/>\$'000</b> | <b>Collections<br/>\$'000</b>                   | <b>Post<br/>Collections<br/>\$'000</b> | <b>Total<br/>\$'000</b> | <b>\$'000</b> |
| <b>Assets</b>                                 |   |  |                         |   |  |                         |               |
| Cash  | (8)   | –                                      | (8)                     | (8)   | –                                      | (8)                     | –             |
| Debtors                                       | 4,229   | 938                                    | 5,167                   | 3,452   | 766                                    | 4,218                   | (949)         |
| Plant and Equipment                           | 2,510   | 557                                    | 3,067                   | 2,510   | 557                                    | 3,067                   | –             |
| Land and Buildings                            | 10,883  | 2,414                                  | 13,297                  | 10,883  | 2,414                                  | 13,297                  | –             |
| Customer relationships                        | 2,641   | 586                                    | 3,227                   | 2,641   | 586                                    | 3,227                   | –             |
| <b>Liabilities</b>                            |   |  |                         |   |  |                         |               |
| Trade and other payables                      | (4,554)                                       | (1,011)                                | (5,565)                 | (4,818)   | (1,069)                                | (5,887)                 | (322)         |
| Employee entitlements                         | (918)   | (204)                                  | (1,122)                 | (475)   | (105)                                  | (580)                   | 542           |
| Deferred tax liability                        | (948)   | (210)                                  | (1,158)                 | (948)   | (210)                                  | (1,158)                 | –             |
| Total Net identifiable assets                 | 13,835  | 3,070                                  | 16,905                  | 13,237  | 2,939                                  | 16,176                  | (729)         |
| Goodwill                                      | 27,268  | 6,049                                  | 33,317                  | 27,864  | 6,182                                  | 34,046                  | 729           |
| <b>Consideration transferred</b>              | <b>41,103</b>                                 | <b>9,119</b>                           | <b>50,222</b>           | <b>41,101</b>                                   | <b>9,121</b>                           | <b>50,222</b>           | <b>–</b>      |

(i) At 30 June 2018, the fair values of the assets and liabilities acquired during January 2018 were provisional values. The fair values were finalised at 31 December 2018 in a restatement of the previously disclosed provisional values.

Total statutory acquisition costs of \$21,156,000 have been expensed during the year ended 30 June 2019.

The businesses were acquired to continue the expansion of all operating divisions within the Group. All businesses have contributed to the revenue and profits of the Group during the year.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Business Combinations (continued)

### Acquisition of DADI

During March 2019 the Group purchased 100% of the share capital in Alexandria Landfill Pty Limited, the holding company of DADI, comprising a combination of cash and issue of 78,740,154 shares.

The acquisition of DADI included Expansionary Land in Eastern Creek which is subject to a Project Deed that outlines its intended subdivision into three individual lots. In provisionally accounting for this acquisition, this Expansionary Land is not recognised by the Group as the Group has deemed not to have obtained control of the Expansionary Land. The Expansionary Land consists of Sale Land, Residual Land and Option Land (refer Note 13). Sale Land and Residual land are subject to sale agreements with third parties. In relation to the Option Land, the Group has the ability, but no obligation, to acquire the land at \$98 million which approximates its fair value on or before 1 January 2021.

In addition, the Group entered into a 5-year call option over two parcels of land at Alexandria for \$63.6 million over the next 5 years. Note 13 (d) contains details of the call option.

The following table provides a summary of revenue and profit contribution attributable to the additional business generated by the business combinations for the period ended 30 June 2019.

| 2019                         |                              | Revenue       | Profit       |
|------------------------------|------------------------------|---------------|--------------|
| Date of Acquisition          | Business Segment             | \$'000        | \$'000       |
| February 2019 <sup>(i)</sup> | Collections/Post Collections | 2,374         | 184          |
| March 2019 <sup>(ii)</sup>   | Collections/Post Collections | 47,453        | 3,345        |
|                              |                              | <b>49,827</b> | <b>3,529</b> |

(i) Cozee's Bins acquisition.

(ii) DADI acquisition.

Had these business combinations been affected at 1 July 2018, the revenue of the Group would have been \$531.4 million, and the profit for the year would have been \$30.4 million. The directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and profit of the Group had these business combinations occurred at the beginning of the current year, the directors have:

- Calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- Calculated borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

## Business combinations for the prior corresponding period

| 2018                           |                              | Cash consideration | Shares issued | Deferred consideration | Total consideration |
|--------------------------------|------------------------------|--------------------|---------------|------------------------|---------------------|
| Date of Acquisition            | Business Segment             | \$'000             | \$'000        | \$'000                 | \$'000              |
| August 2017 <sup>(i)</sup>     | Collections/Post Collections | 1,000              | –             | –                      | 1,000               |
| September 2017 <sup>(ii)</sup> | Collections/Post Collections | 6,000              | –             | –                      | 6,000               |
| October 2017 <sup>(iii)</sup>  | Collections/Post Collections | 34,014             | 3,734         | –                      | 37,748              |
| January 2018 <sup>(iv)</sup>   | Collections/Post Collections | 50,222             | –             | –                      | 50,222              |
|                                |                              | <b>91,236</b>      | <b>3,734</b>  | <b>–</b>               | <b>94,970</b>       |

(i) Skipmaster acquisition.

(ii) Has-A-Bin acquisition.

(iii) Konstruct Environmental/AAZ Recycling/Resource Recovery VIC acquisitions.

(iv) National Recycling Group acquisition.

## Fair values recognised on acquisition during the year ended 30 June 2018

| 2018                             | Provisional values <sup>(i)</sup> |                         |               | Finalised values <sup>(ii)</sup> |                         |               | Consolidated  |
|----------------------------------|-----------------------------------|-------------------------|---------------|----------------------------------|-------------------------|---------------|---------------|
|                                  | Collections \$'000                | Post Collections \$'000 | Total \$'000  | Collections \$'000               | Post Collections \$'000 | Total \$'000  | \$'000        |
| <b>Assets</b>                    |                                   |                         |               |                                  |                         |               |               |
| Cash                             | (8)                               | –                       | (8)           | 170                              | –                       | 170           | 162           |
| Debtors                          | 4,229                             | 938                     | 5,167         | 3,489                            | –                       | 3,489         | 8,656         |
| Plant and equipment              | 2,510                             | 557                     | 3,067         | 5,402                            | 4,064                   | 9,466         | 12,533        |
| Land and buildings               | 10,883                            | 2,414                   | 13,297        | –                                | 3,600                   | 3,600         | 16,897        |
| Inventory                        | –                                 | –                       | –             | 3                                | –                       | 3             | 3             |
| Trademark                        | –                                 | –                       | –             | –                                | –                       | –             | –             |
| Customer relationships           | 2,641                             | 586                     | 3,227         | 3,596                            | 2,143                   | 5,739         | 8,966         |
| <b>Liabilities</b>               |                                   |                         |               |                                  |                         |               |               |
| Trade and other payables         | (4,554)                           | (1,011)                 | (5,565)       | (3,304)                          | –                       | (3,304)       | (8,869)       |
| Employee entitlements            | (918)                             | (204)                   | (1,122)       | (284)                            | –                       | (284)         | (1,406)       |
| Deferred tax liability           | (948)                             | (210)                   | (1,158)       | (1,277)                          | (643)                   | (1,920)       | (3,078)       |
| Lease Liability                  | –                                 | –                       | –             | –                                | –                       | –             | –             |
| Total net identifiable assets    | 13,835                            | 3,070                   | 16,905        | 7,795                            | 9,164                   | 16,959        | 33,864        |
| Goodwill                         | 27,268                            | 6,049                   | 33,317        | 17,750                           | 10,039                  | 27,789        | 61,106        |
| <b>Consideration transferred</b> | <b>41,103</b>                     | <b>9,119</b>            | <b>50,222</b> | <b>25,545</b>                    | <b>19,203</b>           | <b>44,748</b> | <b>94,970</b> |

(i) Refers to National Recycling Group acquired in January 2018.

(ii) Refers to Konstruct Environmental (October 2017), AAZ Recycling (October 2017), Resource Recovery Victoria (October 2017), Skipmaster (August 2017) and Has-A-Bin (September 2017) acquisitions.

Total statutory acquisition costs of \$2,313,000 were expensed in 2018.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Assets Held for Sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification and subsequent gains and losses on measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| Land and buildings <sup>(i)</sup>        | 15,264         | 4,674          |
| Property, Plant and Equipment            | 1,631          | –              |
| Goodwill                                 | 7,500          | –              |
| Customer Relationships                   | 665            | –              |
|  | 25,060         | 4,674          |
| Less: Employee liabilities held for sale | (132)          | –              |
| <b>Net Assets held for sale</b>          | <b>24,928</b>  | <b>4,674</b>   |

(i) Land and buildings located at Helensburgh which were classified as Held for Sale at 30 June 2018 have been reclassified as land and buildings at 30 June 2019. The property no longer meets the accounting definition of held-for-sale due to the time to complete the sale extending beyond one year from the date of reclassification to held for sale. The Group does however remain committed to the on-going sale process of the Helensburgh assets.

Assets held for sale as at 30 June 2019 relate to the Banksmeadow business and property. A component of the Post Collections – NSW goodwill has been allocated to the disposal group as at the date of initial classification as held for sale. The Group is required to divest assets located at Banksmeadow as part of the undertaking to the Australian Competition and Consumer Commission (ACCC) in relation to the DADI acquisition. The Group anticipates that the fair value of the land and buildings less costs to sell will be greater than the carrying amount above.

## Note 20. Parent Entity Information

Set out below is the supplementary information about the parent entity for the period.

### Statement of profit or loss and other comprehensive income

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| Profit after income tax <sup>(i)</sup> | 18,315         | 7,119          |
| Total comprehensive income             | 18,315         | 7,119          |

### Statement of financial position

|                               |                |                |
|-------------------------------|----------------|----------------|
| Total current assets          | 13,152         | 214,868        |
| Total non-current assets      | 788,423        | 46,604         |
| Total assets                  | 801,575        | 261,472        |
| Total current liabilities     | 7,885          | 10,359         |
| Total non-current liabilities | –              | –              |
| Total liabilities             | 7,885          | 10,359         |
| Issued capital                | 1,288,923      | 748,137        |
| Retained earnings             | –              | –              |
| Reserves                      | (495,233)      | (497,024)      |
| <b>Total equity</b>           | <b>793,690</b> | <b>251,113</b> |

(i) Represents dividend income which was paid to the shareholders during the year. Refer to Note 28 for details.

**Guarantees entered into by the parent entity in relation to the debts of its subsidiaries**

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Guarantee provided under the deed of cross guarantee <sup>(i)</sup> | 501,348        | 287,131        |

(i) Bingo Industries Limited entered into a deed of cross guarantee with 26 of its wholly owned subsidiaries in the year ended 30 June 2018. In the current year, the deed of cross guarantee has been extended to the 4 acquired DADI subsidiaries. Refer to Note 21 and Note 22 for further details.

**Incorporation**

Bingo Industries Limited was incorporated on 3 March 2017 and is the ultimate parent company of the Group, effective 9 May 2017.

**Contingent liabilities**

The parent entity had no contingent liabilities as at 30 June 2019 (2018: Nil).

**Significant accounting policies**

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 2, with the exception of investments in subsidiaries which are carried at historic cost. Dividends received from subsidiaries are recognised in the Consolidated Statement of Profit or Loss when the right to receive the dividend is established.

**Note 21. Deed of Cross Guarantee**

On 25 June 2019, Bingo Industries Limited entered into a new deed of cross guarantee. By entering into the deed, certain wholly-owned entities (refer to Note 22) were relieved from the requirement to prepare a financial report and Directors' report under Class Order 2016/785 (as amended) issued by the Australian Securities and Investments Commission. The consolidated financial statements of the Group represent the results and the financial position of the entities forming part of the deed of cross guarantee.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 22. Interests in Subsidiaries

|  | Principal place of business | 2019 % | 2018 % |
|--|-----------------------------|--------|--------|
| Bingo Industries Limited <sup>(iii)</sup>  | Australia                   | 100    | 100    |
| Bingo Property Pty Ltd <sup>(iii)</sup>  | Australia                   | 100    | 100    |
| Bingo Holdings Pty Ltd (formerly Bingo Industries Pty Ltd) <sup>(iii)</sup>            | Australia                   | 100    | 100    |
| Bingo Waste Services Pty Ltd <sup>(iii)</sup>  | Australia                   | 100    | 100    |
| Bingo Bins Pty Ltd <sup>(iii)</sup>  | Australia                   | 100    | 100    |
| Bingo Recycling Pty Ltd <sup>(iii)</sup>   | Australia                   | 100    | 100    |
| Bingo Commercial Pty Ltd <sup>(iii)</sup>  | Australia                   | 100    | 100    |
| Bingo Equipment Pty Ltd <sup>(iii)</sup>   | Australia                   | 100    | 100    |
| OATI (NSW) Pty Ltd   | Australia                   | 100    | 100    |
| Mortdale Recycling Pty Ltd   | Australia                   | 100    | 100    |
| St Marys Recycling Pty Ltd   | Australia                   | 100    | 100    |
| Adderley Recycling Pty Ltd   | Australia                   | 100    | 100    |
| Kembla Grange Recycling Pty Ltd (formerly known as Burrows Recycling Pty Ltd)          | Australia                   | 100    | 100    |
| McPherson Recycling Pty Ltd  | Australia                   | 100    | 100    |
| Minto Recycling Pty Ltd  | Australia                   | 100    | 100    |
| Smithfield Recycling Pty Ltd   | Australia                   | 100    | 100    |
| Bingo Office Pty Ltd   | Australia                   | 100    | 100    |
| Bingo Acquisitions Pty Ltd <sup>(iii)</sup>  | Australia                   | 100    | 100    |
| Bingo Investments Pty Ltd <sup>(iii)</sup>   | Australia                   | 100    | 100    |
| Bingo IP Pty Ltd <sup>(iii)</sup>  | Australia                   | 100    | 100    |
| Bingo Trademarks Pty Ltd <sup>(iii)</sup>  | Australia                   | 100    | 100    |
| Toro Group Holdings Pty Ltd <sup>(iii)</sup>   | Australia                   | 100    | 100    |
| Toro Waste Equipment (Aust) Pty Ltd <sup>(iii)</sup>                                   | Australia                   | 100    | 100    |
| TW Auburn Pty Ltd <sup>(iii)</sup>   | Australia                   | 100    | 100    |
| Bingo Education Pty Ltd <sup>(iii)</sup>   | Australia                   | 100    | 100    |
| Bingo Pty Ltd <sup>(iii)</sup>   | Australia                   | 100    | 100    |
| Gosford Recycling Pty Ltd  | Australia                   | 100    | 100    |
| Helensburgh Recycling Pty Ltd  | Australia                   | 100    | 100    |
| Newcastle Recycling (NSW) Pty Ltd  | Australia                   | 100    | 100    |
| Silverwater Recycling Pty Ltd  | Australia                   | 100    | 100    |
| Wollongong Recycling (NSW) Pty Ltd   | Australia                   | 100    | 100    |
| Revesby Recycling Pty Ltd  | Australia                   | 100    | 100    |
| Artarmon Recycling Pty Ltd   | Australia                   | 100    | 100    |
| Bingo (VIC) Pty Ltd <sup>(iii)</sup>   | Australia                   | 100    | 100    |
| Bingo Property (VIC) Pty Ltd <sup>(iii)</sup>  | Australia                   | 100    | 100    |
| Bingo Patons Lane Pty Ltd as trustee for Bingo Patons Lane Unit Trust <sup>(iii)</sup> | Australia                   | 100    | 100    |
| Bingo Patons Lane Unit Trust   | Australia                   | 100    | 100    |
| Greenacre Recycling Pty Ltd  | Australia                   | 100    | 100    |
| Ingleburn Recycling Pty Ltd  | Australia                   | 100    | 100    |
| Melbourne Recycling Centres Pty Limited <sup>(iii)</sup>                               | Australia                   | 100    | 100    |

|   | <b>Principal place of business</b> | <b>2019 %</b> | <b>2018 %</b> |
|---|------------------------------------|---------------|---------------|
| SRC Operations Pty Ltd <sup>(i)</sup>                     | Australia                          | 100           | 100           |
| National Recycling Group Pty Ltd <sup>(ii)</sup>          | Australia                          | 100           | 100           |
| DATS Environmental Services Pty Ltd <sup>(ii)</sup>       | Australia                          | 100           | 100           |
| Truck & Plant Management Services Pty Ltd <sup>(ii)</sup> | Australia                          | 100           | 100           |
| Konstruk Environmental Pty Ltd <sup>(ii)</sup>            | Australia                          | 100           | 100           |
| Bingo BM Holdings Pty Ltd <sup>(i)</sup>                  | Australia                          | 100           | –             |
| BM Recycling Pty Ltd <sup>(i)</sup>                       | Australia                          | 100           | –             |
| Dial-A-Dump (EC) Pty Ltd <sup>(ii)(iii)</sup>             | Australia                          | 100           | –             |
| Dial A Dump Industries Pty Ltd <sup>(ii)(iii)</sup>       | Australia                          | 100           | –             |
| Alexandria Landfill Pty Ltd <sup>(ii)(iii)</sup>          | Australia                          | 100           | –             |
| IRM Property No2 Pty Ltd <sup>(ii)(iii)</sup>             | Australia                          | 100           | –             |

(i) Entity incorporated during the current year.

(ii) Entity acquired during the current year.

(iii) Entities covered under the deed of cross guarantee with Bingo Industries Limited. Refer to Note 21 for further details.

All entities above are part of the tax consolidated group. Refer to Note 6 for further details.

## Note 23. Borrowings

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial amount of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

The Group borrows funds from financial institutions to fund acquisitions and capital.

The banking facilities as at 30 June 2019 contain financial covenants and other undertakings which are customary for similar facilities made available to corporate borrowers. The following financial covenants apply and are tested semi-annually:

- Total Leverage Ratio, being the ratio of net debt to EBITDA, not to exceed 3.00x; and
- Interest Cover Ratio, being the ratio of EBITDA to net interest expense, must be at least 3.00x.

For the purpose of calculating the financial covenants, a number of customary pro forma adjustments are made to EBITDA, net debt and net interest expense. These adjustments are not reflected in EBITDA, net debt or net interest expense, and therefore these measures will be different to the values used for covenant calculation under the banking facilities. Accordingly, the ratios for covenant calculations will not necessarily reflect the key ratios reported on by the Group.

A breach of the covenants and undertakings (which are not remedied within any applicable grace period) will be an event of default under the banking facilities and will, among other consequences, prevent the Group from paying dividends.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 23. Borrowings (continued)

The Group was in compliance with these financial covenants during the period.

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| <b>Current – secured</b>                 |                |                |
| Finance lease liabilities <sup>(i)</sup> | 7              | 2,388          |
| <b>Total Borrowings (Current)</b>        | <b>7</b>       | <b>2,388</b>   |
| <b>Non-current – secured</b>             |                |                |
| Bank loan <sup>(ii)</sup>                | 315,000        | 158,000        |
| Borrowing costs                          | (1,745)        | (790)          |
| Finance lease liabilities <sup>(i)</sup> | –              | 16,927         |
| <b>Total Borrowings (Non-current)</b>    | <b>313,255</b> | <b>174,137</b> |

- (i) Prior year finance lease liabilities relate to Revesby and Smithfield properties under put and call options which were purchased during the year.  
(ii) During the year, bank loans increased from \$158.0 million as at 30 June 2018 to \$315.0 million as at 30 June 2019. This was due to drawdowns of \$333 million that were partially offset by repayments of \$176 million during the year. Refer to the Consolidated Statement of Cash Flows for further details.

On 20 August 2018, the Group refinanced its principal debt facility, increasing the facility from \$200 million to \$400 million (plus an accordion facility of up to \$100 million). The new facility extends the maturity date from July 2020 to August 2021 and provides greater flexibility to manage the business while the administration of the facility has been simplified. The Syndicated Facility is secured against the operations and assets of the Group. All covenants were complied with during the period.

| Facility  | Maturity  | 2019               |                    | 2018               |                    |
|---|-----------|--------------------|--------------------|--------------------|--------------------|
|   |           | Facility<br>\$'000 | Utilised<br>\$'000 | Facility<br>\$'000 | Utilised<br>\$'000 |
| Syndicated Facility – Term Loan                             | 9-Jul-20  | –                  | –                  | 80,000             | 80,000             |
| Syndicated Facility – Revolving multi-option                | 9-Jul-20  | –                  | –                  | 120,000            | 81,879             |
| Syndicated Facility – Bullet revolving credit facility      | 31-Aug-21 | 375,000            | 315,000            | –                  | –                  |
| Syndicated Facility – Multi-option working capital facility | 31-Aug-21 | 25,000             | 7,199              | –                  | –                  |

As at 30 June 2019, \$7,198,945 (2018: \$3,879,405) had been drawn down for guarantees. The Syndicated Facility is secured against the business, property, plant and equipment and the subsidiaries. All covenants were complied with during the year.

## Reconciliation of liabilities arising from financing activities

The Group is exposed to market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on managing these risks. The Group uses short-term rollovers to manage the interest rate risk with no speculative trading in financial instruments. It seeks to deal with creditworthy counterparties and monitors its liquidity through cash flow forecasts.

|  | Cash                |                                       |   | Non-cash                                 |   |                     |
|--|---------------------|---------------------------------------|---|--|---|---------------------|
|  | 30-Jun-18<br>\$'000 | Net Financing<br>cash flows<br>\$'000 | Settlement of<br>Finance lease<br>liabilities<br>\$'000 | Deferred<br>borrowing<br>costs<br>\$'000 | Movement in<br>Finance lease<br>liabilities<br>\$'000 | 30-Jun-19<br>\$'000 |
| Total Borrowings (Current)                         | 2,388               | –                                     | (2,442)   | –  | 61  | 7                   |
| Total Borrowings (Non-current)                     | 174,137             | 157,000                               | (17,308)  | (955)                                    | 381   | 313,255             |
| <b>Total liabilities from financing activities</b> | <b>176,525</b>      | <b>157,000</b>                        | <b>(19,750)</b>   | <b>(955)</b>                             | <b>442</b>  | <b>313,262</b>      |

## Note 24. Net Finance Costs

Finance costs include interest, fees and amortisation of costs incurred in connection with the arrangement of new borrowing facilities. Costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Finance costs are expensed immediately unless they relate to the acquisition and development of qualifying assets. Qualifying assets are assets that take more than twelve months to prepare for their intended use. Finance costs related to qualifying assets are capitalised.

Interest income is recognised in the Consolidated Statement of Profit or Loss and is included in Other Income.

On 11 December 2017, the Group completed the acquisition of land at Patons Lane ("Patons Lane"). Patons Lane is a greenfield resource recovery centre ("RRC") and landfill in Western Sydney with development approvals in place and is classified as a qualifying asset during the financial year ended 30 June 2019. All capitalised borrowing costs in the current and comparison periods are in relation to the Patons Lane qualifying asset. The weighted average capitalisation rate of funds borrowed generally is 2.91% per annum (2018: 4.09%).

|  | Note | 2019<br>\$'000 | 2018<br>\$'000 |
|--|------|----------------|----------------|
| Interest expense – Loans                                       |      | 6,152          | 5,995          |
| Interest expense – Finance lease liabilities                   |      | (109)          | 924            |
| Interest expense – Deferred purchase payment <sup>(i)</sup>    |      | 1,566          | 1,216          |
| Amortised borrowing costs <sup>(ii)</sup>                      |      | 1,379          | 434            |
| Capitalised borrowing included in the cost of qualifying asset |      | (2,197)        | (1,770)        |
| <b>Finance costs</b>   |      | <b>6,791</b>   | <b>6,799</b>   |
| Interest income  | 3    | (1,946)        | (86)           |
| <b>Finance income</b>  |      | <b>(1,946)</b> | <b>(86)</b>    |
| <b>Net finance costs</b>                                       |      | <b>4,845</b>   | <b>6,713</b>   |

(i) Implicit interest on the deferred payment purchase structure of the Patons Lane qualifying asset.

(ii) Deferred borrowing costs of \$0.6 million relating to set up of original syndicated bank loan arrangement were expensed during the period as a consequence of amendments made to the loan agreement (also refer to Note 23).

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 25. Financial Instruments

### Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as going concerns whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The finance facilities are outlined in Note 23.

The capital structure of the Group consists of equity holders of the parent, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand the Group's assets as well as pay for operating expenses. The Group is not subject to any external imposed capital requirements. The gearing ratio of the Group at reporting date was:

|                                | 2019<br>\$'000 | 2018<br>\$'000 |
|--------------------------------|----------------|----------------|
| Current borrowings             | 7              | 2,388          |
| Non-current borrowings         | 313,255        | 174,137        |
| Less cash and cash equivalents | (39,189)       | (21,443)       |
| Net debt                       | 274,073        | 155,082        |
| Total assets (less cash)       | 1,296,495      | 556,312        |
| Net debt to total assets ratio | 21.1%          | 27.9%          |

Net debt to total assets ratio:

- (i) Debt is defined as long-term and short-term borrowings, as described in Note 23.
- (ii) Total assets less cash includes all assets of the Group less cash and cash equivalents.

### Financial risk management objectives

The Group is exposed to market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on managing these risks. The Group uses short-term rollovers to manage the interest rate risk with no speculative trading in financial instruments. It seeks to deal with creditworthy counterparties and monitors its liquidity through cash flow forecasts.

### Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments fluctuate due to market price changes. Market risk includes foreign currency risk and interest rate risk.

### Interest Rate Risk

The Group is exposed to interest rate movements on its bank loans.

### Foreign Currency Risk

Foreign currency risk arises as a result of having assets and liabilities denominated in a currency that is not the Group's functional currency (balance sheet) or from transactions or cash flows denominated in a foreign currency (cash flow risk). Foreign currency risk is not material to the Group.

The foreign currency risk associated with the commitment for stage payments on the purchase of plant and equipment was economically hedged with a series of FX forward contracts. The final 10% retention payment (EUR 890,000) is due 12 months after delivery and remains unhedged. Hedge accounting has not been applied and a fair value gain on the forward contracts of \$139,332 has been recorded as other income in the current year (2018: \$Nil).

At the reporting date, the interest rate profile of the Group's interest-bearing instruments were:

|  | 30 June 2019                  |         | 30 June 2018                  |         |
|--|-------------------------------|---------|-------------------------------|---------|
|  | Weighted ave<br>interest rate | \$'000  | Weighted ave<br>interest rate | \$'000  |
| Bank loans (variable)                  | 2.91%                         | 315,000 | 4.09%                         | 158,000 |
| Finance lease liabilities (fixed rate) | 2.62%                         | 7       | 3.84%                         | 19,315  |

A 1% change in the interest rates would have increased/(decreased) the profit by \$1,215,000 (2018: \$1,391,000).

## Credit risk

Credit risk is the risk that a customer or counterparty fails to meet its contractual obligations under a financial instrument and results in a loss to the Group. The Group manages the risk by establishing credit limits and managing exposure to individual entities. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group minimises the concentration of credit risk by undertaking transactions with a large number of customers. The maximum exposure to credit risk is the carrying value at balance date.

|                                | 2019<br>\$'000 | 2018<br>\$'000 |
|--------------------------------|----------------|----------------|
| Cash and cash equivalents      | 39,189         | 21,443         |
| Trade and other receivables    | 71,317         | 44,197         |
| Contract assets <sup>(i)</sup> | 3,586          | 2,816          |
|                                | 114,092        | 68,456         |

(i) During the year, the first time application of AASB 9 'Financial Instruments' was applied. Included in this table is the value of contract assets that existed in 2018 as Trade and Other Receivables. Whilst comparative amounts were not recognised on the face of the balance sheet, the value has been reflected in the above table for comparability purposes.

## Liquidity risk

Liquidity risk is the risk that the Group will not meet its financial obligations as they fall due. It is the Group's policy to maintain sufficient funds in cash and cash equivalents to meet near term operational requirements. Management prepares and monitors rolling cash flows and regularly reviews existing funding arrangements to manage this risk. At balance date, the Group has in excess of \$78 million (2018: \$38 million) in available head room in its banking facilities and a further \$100 million pre-approved accordion facility, plus \$39 million in cash. The contractual maturities of the Group's financial liabilities are:

| 2019                      | Weighted ave<br>interest rate | 1 Year<br>\$'000 | Over<br>1 to 2 Years<br>\$'000 | Over<br>2 to 5 Years<br>\$'000 | Total<br>\$'000 | Carrying<br>Amount<br>\$'000 |
|---------------------------|-------------------------------|------------------|--------------------------------|--------------------------------|-----------------|------------------------------|
| Trade and other payables  |                               | 145,674          | –                              | –                              | 145,674         | 145,674                      |
| Contract liabilities      |                               | 3,056            | –                              | –                              | 3,056           | 3,056                        |
| Bank loans                | 2.91%                         | 9,192            | 9,167                          | 316,557                        | 334,916         | 315,000                      |
| Finance lease liabilities | 2.62%                         | 7                | –                              | –                              | 7               | 7                            |
| Financial guarantees      | 2.91%                         | 7,199            | –                              | –                              | 7,199           | –                            |
|                           |                               | 165,128          | 9,167                          | 316,557                        | 490,852         | 463,737                      |

| 2018                      | Weighted ave<br>interest rate | 1 Year<br>\$'000 | Over<br>1 to 2 Years<br>\$'000 | Over<br>2 to 5 Years<br>\$'000 | Total<br>\$'000 | Carrying<br>Amount<br>\$'000 |
|---------------------------|-------------------------------|------------------|--------------------------------|--------------------------------|-----------------|------------------------------|
| Trade and other payables  |                               | 75,137           | –                              | –                              | 75,137          | 75,137                       |
| Contract liabilities      |                               | 2,534            | –                              | –                              | 2,534           | 2,534                        |
| Bank loans                | 4.09%                         | 6,462            | 6,462                          | 158,159                        | 171,083         | 158,000                      |
| Finance lease liabilities | 3.84%                         | 2,934            | 15,225                         | 2,609                          | 20,768          | 19,315                       |
| Financial guarantees      | 4.09%                         | 3,879            | –                              | –                              | 3,879           | –                            |
|                           |                               | 90,946           | 21,687                         | 160,768                        | 273,401         | 254,986                      |

The amount included above for financial guarantees is the maximum amount that the Group could be forced to settle under the arrangements for the full guarantee amount if that amount is claimed by the counterparty to the guarantees. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such amounts will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee, which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed, suffer credit losses.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 26. Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

| Share capital              | 2019             |           | 2018             |         |
|----------------------------|------------------|-----------|------------------|---------|
|                            | Number of shares | \$'000    | Number of shares | \$'000  |
| Ordinary share capital     |                  |           |                  |         |
| Fully paid ordinary shares | 656,442,495      | 1,288,923 | 414,883,467      | 748,137 |

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

| Movements in ordinary share capital |  | 2019               |                  | 2018               |                |
|-------------------------------------|--|--------------------|------------------|--------------------|----------------|
| Date                                | Details  | Number of shares   | \$'000           | Number of shares   | \$'000         |
|                                     | On issue at 1 July   | 414,883,467        | 748,137          | 349,000,000        | 624,015        |
|                                     | <b>Movements:</b>  |                    |                  |                    |                |
| 2/10/2017                           | Issue of shares as consideration for Business Combination <sup>(i)</sup>         | –                  | –                | 1,714,663          | 3,734          |
| 6/12/2017                           | Issue of shares under Entitlement Offer (Institutional tranche) <sup>(ii)</sup>  | –                  | –                | 55,723,531         | 105,875        |
| 21/12/2017                          | Issue of shares under Entitlement Offer (Retail tranche) <sup>(ii)</sup>         | –                  | –                | 7,468,974          | 14,191         |
| 2/5/2018                            | Issue of shares under dividend reinvestment program                              | –                  | –                | 976,299            | 2,704          |
| 30/08/2018                          | Issue of shares under Entitlement Offer (Institutional tranche) <sup>(iii)</sup> | 138,720,619        | 352,350          | –                  | –              |
| 14/09/2018                          | Issue of shares under Entitlement Offer (Retail tranche) <sup>(iii)</sup>        | 28,573,079         | 72,576           | –                  | –              |
| 27/09/2018                          | Issue of shares under dividend reinvestment program                              | 176,268            | 545              | –                  | –              |
| 20/12/2018                          | Employee Gift Offer  | 36,445             | 98               | –                  | –              |
| 25/03/2019                          | Issue of shares as consideration for Business Combination – DAD <sup>(iv)</sup>  | 78,740,154         | 127,953          | –                  | –              |
|                                     | Share buy-back during year   | (4,687,537)        | (7,330)          | –                  | –              |
|                                     | Capital raising transaction costs during the year (net of tax)                   | –                  | (5,406)          | –                  | (2,382)        |
|                                     | <b>On issue at 30 June</b>   | <b>656,442,495</b> | <b>1,288,923</b> | <b>414,883,467</b> | <b>748,137</b> |

(i) No cash consideration was paid as the issued shares form part of the consideration for the acquisition of Konstruct Environmental Pty Limited.

(ii) On 27 November 2017, the Group announced a range of initiatives to increase network capacity expansion across VIC and NSW, including acquisitions and organic redevelopment opportunities. These initiatives were funded by equity. The equity was raised via a 1 for 5.55 pro-rata accelerated non-renounceable entitlement offer priced at \$1.90 per share (Entitlement Offering).

(iii) On 21 August 2018, the Group announced it had entered into a binding agreement to acquire Dial-A-Dump Industries ("DADI"). The acquisition was partly funded by an underwritten 1 for 2.48 pro-rata accelerated, non-renounceable entitlement offer priced at \$2.54 per ordinary share to raise \$425 million.

(iv) Refer Note 18.

**Note 27. Reserves**

|                                      | 2019<br>\$'000   | 2018<br>\$'000   |
|--------------------------------------|------------------|------------------|
| Group reorganisation reserve (a)     | (545,068)        | (545,068)        |
| Employee equity benefits reserve (b) | 3,243            | 1,452            |
| <b>Closing balance</b>               | <b>(541,825)</b> | <b>(543,616)</b> |

**a. Group reorganisation reserve**

Under the corporate reorganisation and initial public offering policy, the proceeds of shares issued by the Company as part of the IPO, and the equity retained by the shareholders are recognised in the corporate reorganisation reserve. An adjustment is then made to issued capital to eliminate the issued capital recognised in Bingo Holdings Pty Limited immediately before the corporate reorganisation.

|                                     | 2019<br>\$'000   | 2018<br>\$'000   |
|-------------------------------------|------------------|------------------|
| <i>Group reorganisation reserve</i> |                  |                  |
| Opening Balance                     | (545,068)        | (545,068)        |
| <b>Closing balance</b>              | <b>(545,068)</b> | <b>(545,068)</b> |

**b. Employee equity benefits reserve**

The employee equity benefits reserve is used to record the value of equity benefits provided to employees as part of their remuneration. Refer to Note 32 for further details on these share-based payment plans.

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| <i>Employee equity benefits reserve</i>    |                |                |
| Opening Balance                            | 1,452          | 162            |
| Share based payment expense <sup>(i)</sup> | 1,791          | 1,290          |
| <b>Closing balance</b>                     | <b>3,243</b>   | <b>1,452</b>   |

(i) Refer to Note 32 for further details.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 28. Dividends

The Company declared a fully franked dividend on ordinary shares for the financial year ended 30 June 2019 of 3.72 cents per share, being an interim dividend of 1.72 cents per share and final dividend of 2.00 cents per share. The record date of the final dividend is 29 August 2019 with payment to be made on 30 September 2019. Details of the dividends in respect of the financial year are as follows:

|   | 2019            |               | 2018            |               |
|---|-----------------|---------------|-----------------|---------------|
|   | Cents per share | Total \$'000  | Cents per share | Total \$'000  |
| <b>Dividends paid during the period</b>                                   |                 |               |                 |               |
| Final dividend relating to prior period                                   | 2.00            | 8,298         | 0.00            | –             |
| Interim dividend relating to current period                               | 1.72            | 10,017        | 1.72            | 7,119         |
|   | <b>3.72</b>     | <b>18,315</b> | <b>1.72</b>     | <b>7,119</b>  |
| <b>Dividend determined in respect of the period</b>                       |                 |               |                 |               |
| Interim dividend relating to current period                               | 1.72            | 10,017        | 1.72            | 7,119         |
| Final dividend relating to current period declared subsequent to year end | 2.00            | 13,151        | 2.00            | 8,298         |
|   | <b>3.72</b>     | <b>23,168</b> | <b>3.72</b>     | <b>15,417</b> |

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| <b>Dividends paid in cash or satisfied by the issue of share under the dividend reinvestment plan</b> |                |                |
| Dividends paid in cash  | 17,770         | 4,415          |
| Dividends satisfied by the issue of share under the dividend reinvestment plan                        | 545            | 2,704          |
| <b>Total dividends paid</b>   | <b>18,315</b>  | <b>7,119</b>   |

|                                     | 2019<br>\$'000 | 2018<br>\$'000 |
|-------------------------------------|----------------|----------------|
| <b>Franking credit balance</b>      |                |                |
| The available franking credits are: |                |                |
| 30% franking credits                | 63,681         | 29,490         |

## Note 29. Commitments

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset are transferred to entities in the consolidated group, are classified as finance leases. All other leases are classified as operating leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| <b>Finance lease commitments</b>  |                |                |
| Within one year   | 7              | 2,388          |
| Less unexpired charges  | –              | (545)          |
| Between one and five years  | –              | 17,665         |
| Less finance costs  | –              | (193)          |
| <b>Total</b>  | <b>7</b>       | <b>19,315</b>  |
| <b>Operating lease commitments<sup>(i)</sup></b>  |                |                |
| Non-cancellable operating leases contracted for but not recognised in the financial statements: |                |                |
| Non-related party payable – Within one year   | 2,344          | 2,319          |
| Related party payable – Within one year   | 2,790          | 762            |
| Non-related party between 1 year and five years   | 2,959          | 3,738          |
| Related party between 1 year and five years   | 9,661          | 43             |
| Non-related party after 5 years   | 1,626          | 2,001          |
| Related party after 5 years   | –              | –              |
| <b>Total</b>  | <b>19,380</b>  | <b>8,863</b>   |

(i) Operating lease commitments are recognised over the contractual lease term, and do not include any options to extend.

Refer to Note 33 for related party details.

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| <b>Capital commitments</b>   |                |                |
| Significant capital expenditure contracted for at the end of the reporting period but not recognised as a liability is as follows: |                |                |
| Property, plant and equipment  | 14,375         | 5,227          |

In addition to the above, refer to option commitments at Note 13.

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 30. Contingent Liabilities

The Environment Protection Authority (EPA) has commenced proceedings against Mortdale Recycling Pty Ltd and Minto Recycling Pty Ltd in respect of throughput exceedances at each of the Mortdale and Minto facilities. In July 2019, the court issued a penalty of \$30,000 with respect to the Mortdale matter. As the Minto matter is still before the Court it is not possible to foreshadow the penalty that may be imposed, however BINGO is of the view that any penalty will not be material to earnings.

## Note 31. Company Details

|                             |   |
|-----------------------------|---|
| Bingo Industries Limited    | New South Wales                               |
| Legal Form                  | Incorporated public company limited by shares |
| Country of incorporation    | Australia                                     |
| Registered office           | 305 Parramatta Road<br>Auburn NSW 2144        |
| Principal place of business | 305 Parramatta Road<br>Auburn NSW 2144        |

## Note 32. Share-Based Payments

The Board has adopted an incentive plan called the Equity Incentive Plan (EIP) to facilitate offers of equity in the form of options or performance rights to employees of the Group. Under the EIP, the Board may, in its absolute discretion, offer awards under the EIP to employees of the Group (including the Managing Director and Chief Executive Officer and the Chief Financial Officer).

Each performance right represents a right to have one Share issued to the holder of the performance right (or issued to a trust set up in connection with the EIP on their behalf) on the vesting date. Each option represents a right to acquire one Share for a fixed exercise price per option following the vesting date and prior to the expiry date of the option. The Board has no current intention to issue options to employees under the EIP.

Share-based payments have been adopted for short-term incentives, long-term incentives and the transactional bonus from the IPO.

### a. Short-Term Incentives (STI)

During the year, no performance rights were granted under the STI (2018: 341,817).

### b. Long-Term Incentives (LTI)

The LTI performance rights will be subject to an earnings per share compound annual growth (EPS) hurdle (50% of the grant value) and a relative total shareholder return (TSR) hurdle (compared to the ASX 300 Industrials constituents) (50% of the grant value).

These will be both tested over the first three years from the date of grant. 20% of the performance rights subject to the EPS hurdle will vest if EPS growth is at the target level and 100% will vest if EPS growth is at the stretch level or above with straight-line vesting in between. No EPS performance rights will vest if EPS growth is below the target level. Between 50% and 100% of the performance rights subject to the TSR hurdle will vest on a straight-line basis if the Group's TSR is between the 50th percentile and the 75th percentile with 100% vesting above the 75th percentile. No TSR performance rights will vest if the Group's TSR is at or below the 50th percentile. These performance hurdles are mutually exclusive so that if only one of these hurdles is satisfied, vesting will still occur for that portion of the grant.

The rights to shares which will vest and be delivered in equal tranches on the date that is three and four years from the date of grant (i.e. the vesting date) subject to meeting specified service conditions and otherwise satisfying the terms of the EIP. No exercise price is payable.

At 30 June 2019, the following rights under the LTI scheme issued and not exercised are:

| Grant date        | Tranche | End of performance period | Opening Balance | Number of rights granted during the year | Balance at the year end |
|-------------------|---------|---------------------------|-----------------|--|-------------------------|
| 13 April 2017     | 1       | 30 June 2020              | 323,484         |  | 323,484                 |
| 13 April 2017     | 2       | 30 June 2021              | 323,484         |  | 323,484                 |
| 1 May 2017        | 1       | 30 June 2020              | 9,722           |  | 9,722                   |
| 1 May 2017        | 2       | 30 June 2021              | 9,722           |  | 9,722                   |
| 23 October 2017   | 1       | 30 June 2020              | 13,265          |  | 13,265                  |
| 23 October 2017   | 2       | 30 June 2021              | 13,265          |  | 13,265                  |
| 13 November 2017  | 1       | 30 June 2020              | 37,019          |  | 37,019                  |
| 13 November 2017  | 2       | 30 June 2021              | 37,019          |  | 37,019                  |
| 15 January 2018   | 1       | 30 June 2020              | 6,010           |  | 6,010                   |
| 15 January 2018   | 2       | 30 June 2021              | 6,010           |  | 6,010                   |
| 28 September 2018 | 1       | 30 June 2021              |                 | 437,054                                  | 437,054                 |
| 28 September 2018 | 2       | 30 June 2022              |                 | 437,054                                  | 437,054                 |
| 16 November 2018  | 1       | 30 June 2021              |                 | 6,176                                    | 6,176                   |
| 16 November 2018  | 2       | 30 June 2022              |                 | 6,176                                    | 6,176                   |
| 15 June 2019      | 1       | 30 June 2021              |                 | 37,980                                   | 37,980                  |
| 15 June 2019      | 2       | 30 June 2022              |                 | 37,980                                   | 37,980                  |
| <b>Total</b>      |         |                           | <b>779,000</b>  | <b>962,420</b>                           | <b>1,741,420</b>        |

A Monte Carlo simulation approach was used to value the LTI awards subject to the relative TSR performance conditions. The fair value of the awards subject to the EPS performance condition was calculated using a risk neutral assumption.

| Fair market value | Tranche 1 (EPS) | Tranche 1 (TSR) | Tranche 2 (EPS) | Tranche 2 (TSR) |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| 28 September 2018 | \$3.01          | \$1.90          | \$2.97          | \$1.96          |
| 16 November 2018  | \$2.22          | \$1.30          | \$2.18          | \$1.36          |
| 15 June 2019      | \$1.96          | \$0.87          | \$1.93          | \$0.98          |

Key valuation assumptions made at grant date were:

| Grant date              | 28 September 2018 |           | 16 November 2018 |           | 15 June 2019 |           |
|-------------------------|-------------------|-----------|------------------|-----------|--------------|-----------|
|                         | Tranche 1         | Tranche 2 | Tranche 1        | Tranche 2 | Tranche 1    | Tranche 2 |
| Share price             | \$3.12            | \$3.12    | \$2.08           | \$2.08    | \$2.04       | \$2.04    |
| Expected volatility     | 33%               | 33%       | 33%              | 33%       | 36%          | 36%       |
| Expected life           | 2.8 years         | 3.8 years | 2.6 years        | 3.6 years | 2.0 years    | 3.0 years |
| Risk free interest rate | 2.06%             | 2.16%     | 2.10%            | 2.19%     | 1.03%        | 1.03%     |
| Dividend yield          | 1.39%             | 1.39%     | 1.66%            | 1.66%     | 1.94%        | 1.94%     |

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 32. Share-Based Payments (continued)

### c. Transactional Bonus

A transactional bonus was paid during the 2017 year following the completion of the IPO. 50% was paid in cash with the remaining 50% paid in the form of performance rights granted under the EIP. The vesting of those rights was deferred for two years and subject to the executive remaining employed with the Group until the vesting date.

Expense arising from share-based payments:

|                                     | 2019<br>\$'000 | 2018<br>\$'000 |
|-------------------------------------|----------------|----------------|
| STI <sup>(i)</sup>                  | 297            | 206            |
| LTI <sup>(i)</sup>                  | 810            | 271            |
| Transactional Bonus <sup>(ii)</sup> | 684            | 813            |
|                                     | <b>1,791</b>   | <b>1,290</b>   |

(i) STI and LTI have been classified as employee benefits expenses in the Consolidated Statement of Profit or Loss.

(ii) The performance rights granted under the transactional bonus will be expensed over the vesting period. The transactional bonus has been classified as capital raising costs in the Consolidated Statement of Profit or Loss.

## Note 33. Related Parties

### a. Parent entities

Bingo Industries Limited is the ultimate parent entity.

### b. Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 22.

### c. Key management personnel

Disclosures relating to key management personnel (KMP) are set out in the Remuneration Report on pages 96 to 108. The aggregate compensation made to directors and other members of key management personnel of the Company and the Group is set out below:

|                                     | 2019<br>\$       | 2018<br>\$       |
|-------------------------------------|------------------|------------------|
| Short-term employee benefits        | 2,771,916        | 2,529,064        |
| Post-employment benefits            | 88,803           | 74,117           |
| Other long-term employee benefits   | 158,626          | 95,766           |
| Equity settled share-based payments | 726,156          | 438,441          |
|                                     | <b>3,745,501</b> | <b>3,137,388</b> |

### d. Wholly owned Group transactions

The wholly owned Group is listed in Note 22. Transactions between various entities in the Group consist of:

- i. Sales between entities
- ii. Recharging of operating and administrative costs

### e. Other related party transactions

The Has-a-Bin business was acquired by the Group in September 2017. The land, which the Greenacre facility is located upon, was acquired by an entity controlled by the Pre-IPO Group shareholders and was leased to the Group on normal commercial terms and conditions. During the year the land was purchased at market value of \$13.5 million on normal commercial terms. Lease obligations outstanding at the acquisition date amounting to \$189,000 were settled as part of the transaction.

The DADI business was acquired by the Group in March 2019. The land and buildings at Alexandria, which are owned by entities associated with a director, are leased to the Group on normal commercial terms and conditions. \$1,113,645 (2018: \$Nil) was expensed during the period of ownership with \$1,223,091 paid (inclusive of GST). \$1,919 was outstanding at year end (2018: \$Nil).

Expenses were incurred on credit cards controlled by a Director. The Group reimbursed the Director for business related expenses. During the year, \$Nil was reimbursed to the Director (2018: \$Nil). \$352,732 was outstanding at year end (2018: \$Nil).

The Group has received executive management services from an entity associated with a director to which fees of \$105,600 (2018: \$Nil) were paid. \$75,900 was outstanding at year end (2018: Nil).

The Group has received financial advisory advice from an entity associated with a director to which fees of \$198,000 (2018: \$280,500) were paid. \$Nil was outstanding at year end (2018: \$Nil).

The Group undertakes certain capital and maintenance work which it contracts out to director-related entities or entities controlled by the Pre-IPO BINGO Group shareholders. During the year \$370,902 (2018: \$1,280,822) was paid. \$89,219 was outstanding at year end (2018: \$5,980).

The Group leased certain plant and equipment to entities controlled by the Pre-IPO BINGO Group shareholders. During the year \$Nil (GST inclusive) was charged on normal commercial terms (2018: \$1,265,000). An amount of \$165,000 was repaid and \$Nil was outstanding at year end (2018: \$165,000).

The Group provides certain waste management and services to entities controlled by the Pre-IPO BINGO Group shareholders on normal commercial terms and conditions. During the year \$139,544 was received (2018: \$1,050,472). \$80,826 was receivable at year end (2018: \$11,566).

## Note 34. Events Subsequent to the Financial Year End

### Final Dividend

On 22 August 2019, the Directors of the Company declared a final dividend on ordinary shares with respect to the year ended 30 June 2019. The total amount of the dividend is \$13.2 million, which represents a fully franked dividend of 2.00 cents per share. The dividend has not been provided for in the financial statements for the year ended 30 June 2019.

### Patons Lane operational

Patons Lane was acquired in December 2017 as a greenfield resource recovery and landfill asset located in Western Sydney. Construction of the Patons Lane asset has taken place over the last 18 months, which included excavation and construction of the landfill cell, dewatering of the quarry void and construction of the recycling facility. Patons Lane commenced its recycling operations in July 2019. In light of the DADI acquisition, BINGO optimised the plant design for Patons Lane and expects to install advanced recycling equipment at Patons Lane in 1H20.

### Exercise of Land Option

In July 2019, the Group exercised an option over the land and buildings at Minto for \$4.25 million.

## Note 35. Auditor's Remuneration

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Group:

|  | 2019<br>\$       | 2018<br>\$     |
|--|------------------|----------------|
| Audit and review of the financial statements | 450,000          | 325,000        |
| Due diligence services                       | 515,000          | 250,000        |
| Tax consulting and compliance services       | 94,835           | 152,000        |
| Other assurance services                     | 27,563           | –              |
| <b>Total</b>                                 | <b>1,087,398</b> | <b>727,000</b> |

## Directors' Declaration

The Directors declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) In the Director's opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 2 to the financial statements;
- (c) In the Director's opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) The Directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* applies, as detailed in Note 22 to the financial statements will, as a group, be able to meet any liabilities to which they are, or may become, subject because of the deed of cross guarantee.

Signed in accordance with a resolution of Directors, pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



**Michael Coleman**  
Non-Executive Director and Chair



**Daniel Tartak**  
Managing Director and Chief Executive Officer

22 August 2019  
Sydney

# Independent Auditor's Report



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## Independent Auditor's Report to the Members of Bingo Industries Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Bingo Industries Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement for cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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# Independent Auditor's Report

## Deloitte.

| Key Audit Matter   | How the scope of our audit responded to the Key Audit Matter   |
|--|--|
| <p><b>Accounting for the acquisition of Dial-A-Dump Industries</b></p> <p>During the financial year, the Group acquired the Dial-A-Dump Industries Pty Limited Group of entities (DADI), as disclosed in Note 18.</p> <p>Accounting for this transaction is complex and judgmental, requiring management to determine:</p> <ul style="list-style-type: none"> <li>• the appropriate purchase price allocation, including the fair value assessment of the identifiable tangible and intangible assets, specifically landfill void, customer relationships and brand name;</li> <li>• the appropriate accounting for transaction related tax matters;</li> <li>• the appropriate classification of options relating to land as a consequence of the acquisition;</li> <li>• the appropriate accounting for assets held for sale that arose as a result of the significant business acquisition, including the allocation of goodwill and tax positions associated with the sale of the asset held for sale; and</li> <li>• the completeness and appropriateness of disclosures pertaining to the transaction and associated provisional accounting.</li> </ul> <p>As at year end, this transaction has been accounted for on a provisional basis.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Understanding the process that management and the directors applied to recognise the acquisitions;</li> <li>• Obtaining an understanding of key controls relating to the process and evaluated these key controls for design and implementation effectiveness;</li> <li>• Evaluating the skills and expertise of management's independent valuation experts;</li> <li>• Reviewing the take on balance sheet and management's assessment of the fair values of assets and liabilities, including but not limited to: <ul style="list-style-type: none"> <li>- management's methodologies for assessing the fair value of physical property, plant and equipment acquired,</li> <li>- expected credit loss provisions at the date of acquisition, and</li> <li>- application of the Group's revenue recognition policies in relation to contract assets, liabilities and income in advance balances;</li> </ul> </li> <li>• Obtaining a detailed understanding of the terms and conditions of the purchase contracts to assess the accounting treatment, including the classification of options relating to land;</li> <li>• Assessing, in conjunction with our valuation specialists, the appropriateness of the discount rate and the provisional values attributed to the acquired intangible assets and liabilities assumed as part of each business acquisition;</li> <li>• Evaluating management's methodologies for assessing the carrying value of the Banksmeadow site business and assets held for sale that arose as a result of the DADI acquisition;</li> <li>• In conjunction with our tax specialists: <ul style="list-style-type: none"> <li>- understanding the process that management have undertaken to identify and assess tax positions,</li> <li>- assessing the taxation balances arising as a consequence of the DADI acquisition have been appropriately calculated and accounted for; and</li> </ul> </li> <li>• Assessing the appropriateness of the disclosures in financial statements relating to the DADI acquisition to ensure compliance with AASB 3 <i>Business Combinations</i>.</li> </ul> |

## Deloitte.

### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

# Independent Auditor's Report

## Deloitte.

based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on the Remuneration Report

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 96 to 108 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Bingo Industries Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

~~Deloitte Touche Tohmatsu~~

DELOITTE TOUCHE TOHMATSU



Tara Hill  
Partner  
Chartered Accountants  
Sydney, 22 August 2019

# Shareholder Information

## Top 20 Shareholders as at 16 September 2019

| Rank  | Name                                      | No. of Shares      | % of Shares   |
|---|---|--------------------|---------------|
| 1   | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 117,911,500        | 17.93         |
| 2   | DCT17 P/L                                 | 99,308,198         | 15.10         |
| 3   | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 86,677,250         | 13.18         |
| 4   | IAN RAYMOND MALOUF                        | 79,836,835         | 12.08         |
| 5   | CITICORP NOMINEES PTY LIMITED             | 41,508,197         | 6.31          |
| 6   | NATIONAL NOMINEES LIMITED                 | 39,553,291         | 6.02          |
| 7   | BNP PARIBAS NOMS PTY LTD                  | 18,964,970         | 2.88          |
| 7   | MAT17 P/L                                 | 16,908,259         | 2.57          |
| 8   | NMT77 P/L                                 | 16,908,259         | 2.57          |
| 9   | MWT56 P/L                                 | 13,396,960         | 2.04          |
| 10  | NJT17 P/L                                 | 13,396,959         | 2.04          |
| 11  | MUTUAL TRUST PTY LTD                      | 8,647,057          | 1.32          |
| 12  | BNP PARIBAS NOMINEES PTY LTD              | 7,502,370          | 1.14          |
| 13  | BNP PARIBAS NOMS (NZ) LTD                 | 2,430,599          | 0.37          |
| 14  | CITICORP NOMINEES PTY LIMITED             | 2,082,003          | 0.32          |
| 15  | UBS NOMINEES PTY LTD                      | 1,950,110          | 0.30          |
| 16  | MR KEVIN ZOUKI & MRS SALMA ZOUKI          | 1,913,018          | 0.30          |
| 17  | HARDY PTY LTD                             | 1,817,518          | 0.28          |
| 18  | CS THIRD NOMINEES PTY LIMITED             | 1,607,912          | 0.24          |
| 19  | BNP PARIBAS NOMINEES PTY LIMITED          | 1,400,000          | 0.21          |
| 20  | PACIFIC CUSTODIANS PTY LIMITED            | 1,200,874          | 0.18          |
| <b>Top 20 holders of fully paid ordinary shares</b> |   | <b>574,922,139</b> | <b>87.38</b>  |
| <b>Total Remaining Holders Balance</b>              |   | <b>82,647,679</b>  | <b>13.52</b>  |
| <b>Total Fully Paid Ordinary Shares on Issue</b>    |   | <b>657,569,818</b> | <b>100.00</b> |

## Substantial Shareholders

The number of shares held by substantial shareholders as disclosed in the shareholding notices given to the Company as at 16 September 2019 were:

| Name   | No. of Shares | % of Shares |
|--|---------------|-------------|
| DCT17 P/L <sup>1</sup>                           | 99,308,198    | 15.10       |
| IAN RAYMOND MALOUF <sup>2</sup>                  | 79,836,835    | 12.08       |
| SCHRODER INVESTMENT MANAGEMENT AUSTRALIA LIMITED | 59,230,586    | 8.96        |
| THE CAPITAL GROUP COMPANIES, INC                 | 47,928,457    | 7.29        |
| YARRA FUNDS MANAGEMENT LIMITED                   | 34,168,696    | 5.20        |

1. This shareholding includes shares held directly and indirectly by Daniel Tartak, Managing Director and Chief Executive Officer.

2. This shareholding includes shares held directly and indirectly by Ian Raymond Malouf, Non-Executive Director.

# Shareholder Information

## Statement of Quoted Securities

The Company's total number of shares on issue as at 16 September 2019 was 657,569,818 fully paid Ordinary shares held by 7,848 individual shareholders.

## Statement of Restricted Securities

The Company has the following securities subject to voluntary escrow at 16 September 2019:

| No. of Shares | Date of Release   |
|---------------|-------------------|
| 1,714,663     | 1 October 2019    |
| 18,538,985    | 25 December 2019  |
| 18,538,985    | 25 March 2020     |
| 18,538,985    | 25 September 2020 |
| 18,538,984    | 25 March 2021     |

## Voting Rights

The Company's share capital is of one class with the following voting rights:

Under the Company's Constitution, every member is entitled to vote who is present at a general meeting of the Company in person or by proxy or by attorney or, in the case of a corporation, by representative, shall, upon a show of hands, have one vote only. A member is not entitled to vote in respect of shares which are the subject of a current Restriction Agreement for so long as any breach of that agreement subsists.

At 16 September 2019, there were 1,911,692 performance rights on issue to 23 individuals (consisting of officers and employees of the Company) under the Company's incentive schemes. Voting rights will be attached to the unissued ordinary shares when the performance rights have been exercised.

## Distribution Schedule of Shareholders

| Range             | Total Holders | Ordinary Shares    | % of Issued Capital |
|-------------------|---------------|--------------------|---------------------|
| 1 to 1,000        | 2,020         | 1,108,675          | 0.17                |
| 1,001 to 5,000    | 2,913         | 8,200,790          | 1.25                |
| 5,001 to 10,000   | 1,331         | 10,282,781         | 1.56                |
| 10,001 to 100,000 | 1,469         | 37,537,539         | 5.71                |
| 100,001 and Over  | 115           | 600,440,033        | 91.31               |
| <b>Total</b>      | <b>7,848</b>  | <b>657,569,818</b> | <b>100.00</b>       |

The number of shareholders each holding less than a marketable parcel of the Company's ordinary shares (\$500 in value) at 16 September 2019 was 249.

## On-market buy back

During the year ended 30 June 2019, 4,687,537 Bingo securities were acquired as part of the Company's current on market buy-back announced to the market on 28 February 2019 at an average price of \$1.59.

# Corporate Directory

## Securities Exchange Listing

The shares of the Company are listed on the Australian Securities Exchange under the code BIN.

## Joint Company Secretaries

Stephen Schmidhofer and Rozanna Lee

## Registered Office and Principal Office

305 Parramatta Road  
Auburn NSW 2144

## Share Registry

Shareholders can obtain information about their shares and dividend payments by contacting the Company's share registry:

### Link Market Services Limited

Level 12, 680 George Street  
Sydney NSW 2000

Telephone: +61 1300 554 474



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**INDUSTRIES**