

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 25, 2024

Casella Waste Systems, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-23211
(Commission
File Number)

03-0338873
(IRS Employer
Identification No.)

**25 Greens Hill Lane,
Rutland, Vermont**
(Address of principal executive offices)

05701
(Zip Code)

Registrant's telephone number, including area code: (802) 775-0325

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|----------------------|--|
| Class A common stock, \$0.01 par value per share | CWST | The Nasdaq Stock Market LLC (Nasdaq Global Select Market) |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On April 25, 2024, Casella Waste Systems, Inc. (the “Company”) issued a press release announcing its financial results for the first quarter ended March 31, 2024. The full text of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02 of this Form 8-K (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Exhibit Description</u> |
|----------------------|---|
| 99.1 | Press Release of Casella Waste Systems, Inc. dated April 25, 2024. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document.** |
| 101.LAB | Inline XBRL Taxonomy Label Linkbase Document.** |
| 101.PRE | Inline XBRL Taxonomy Presentation Linkbase Document.** |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101). |
| ** | Submitted Electronically Herewith. |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CASELLA WASTE SYSTEMS, INC.

Date: April 25, 2024

By: /s/ Bradford J. Helgeson
Bradford J. Helgeson
Executive Vice President and Chief Financial Officer

FOR IMMEDIATE RELEASE

CASELLA WASTE SYSTEMS, INC. ANNOUNCES FIRST QUARTER 2024 RESULTS

RUTLAND, VERMONT (April 25, 2024) — Casella Waste Systems, Inc. (NASDAQ: CWST), a regional solid waste, recycling and resource management services company, today reported its financial results for the three-month period ended March 31, 2024.

Highlights for the Three Months Ended March 31, 2024:

- **Revenues were \$341.0 million for the quarter, up \$78.4 million, or up 29.9%, from the same period in 2023.**
- **Overall solid waste pricing was up 5.5% from the same period in 2023, driven by 6.2% collection price growth and 4.0% disposal price growth.**
- **Net loss was \$(4.1) million for the quarter, as compared to net income of \$3.5 million for the same period in 2023.**
- **Adjusted EBITDA, a non-GAAP measure, was \$71.0 million for the quarter, up \$20.4 million, or up 40.2%, from the same period in 2023.**

"We had a strong start to the year, driven by the continued execution of our core operating strategies and pricing programs and the successful integration of the acquisitions we completed in 2023," said John W. Casella, Chairman and CEO of Casella Waste Systems, Inc. "Our first quarter results demonstrated the dedication of our team and success of our growth strategy and set us up well for the rest of the year."

"Our business is performing at a high level and delivered meaningful year-over-year Adjusted EBITDA margin improvement of 150 basis points," Casella said. "From a core operations standpoint, our investments in fleet automation, route optimization, and onboard computers have allowed us to be more efficient, productive, and safer in our collection line of business while maintaining our high customer service standards. Our customer focus also extends into recycling where we have made meaningful investments in our processing facilities to meet customer demand for diversion and sustainability services. Our upgraded Boston recycling facility continues to perform very well, and we are excited to begin the upgrade of our Willimantic recycling facility later this year."

"We remain focused on pricing our services appropriately and strengthening the quality of our revenue, with overall solid waste pricing up 5.5%, collection pricing up 6.2% and the average price per ton at our landfills up 13.3% in the quarter. Solid waste volumes were down year-over-year, as expected; however, this net trade-off improved margins," Casella said.

"The integration of our 2023 acquisitions is advancing well and we are realizing planned synergies," Casella said. "While our recent focus has been on ensuring a smooth transition for our new employees and customers, looking forward our acquisition pipeline remains robust with a number of quality companies across our footprint."

For the quarter, revenues were \$341.0 million, up \$78.4 million, or up 29.9%, from the same period in 2023, with revenue growth mainly driven by: the rollover contribution from acquisitions closed in 2023; strong collection and disposal pricing; and higher recycling commodity prices.

Operating income was \$6.8 million for the quarter, down \$(3.4) million from the same period in 2023, mainly due to higher depreciation and amortization expense related to acquisition growth and higher expenses from acquisition activities.

Net loss was \$(4.1) million for the quarter, or \$(0.07) per diluted common share, as compared to net income of \$3.5 million, or \$0.07 per diluted common share, for the same period in 2023 driven by the factors impacting operating income as well as higher interest expense. Adjusted Net Loss, a non-GAAP measure, was \$(0.8) million for the quarter, or \$(0.01) Adjusted Diluted Loss Per Common Share, a non-GAAP measure, as compared to Adjusted Net Income of \$5.3 million, or \$0.10 Adjusted Diluted Earnings Per Common Share, for the same period in 2023. Adjusted EBITDA was \$71.0 million for the quarter, up \$20.4 million, or up 40.2%, from the same period in 2023, driven by acquisition rollover and 8.8% organic growth.

Please refer to "Non-GAAP Performance Measures" included in "Unaudited Reconciliation of Certain Non-GAAP Measures" below for additional information and reconciliations of Adjusted Net (Loss) Income, Adjusted Diluted (Loss) Earnings Per Common Share, Adjusted EBITDA and other non-GAAP performance measures to their most directly comparable GAAP measures.

Net cash provided by operating activities was \$7.7 million for the quarter, as compared to \$16.1 million for the same period in 2023, driven by higher cash interest payments and changes in working capital, and Adjusted Free Cash Flow was \$(2.4) million for the quarter, as compared to \$2.2 million for the same period in 2023, with the year-over-year variance further driven by higher capital expenditures.

Please refer to "Non-GAAP Liquidity Measures" included in "Unaudited Reconciliation of Certain Non-GAAP Measures" below for additional information and reconciliation of Adjusted Free Cash Flow to its most directly comparable GAAP measure.

Fiscal Year 2024 Outlook

"Given the continued strength of our solid waste and Resource Solutions operations, together with the rollover contribution from closed acquisitions, we are reaffirming our revenue, net income, Adjusted EBITDA, net cash provided by operating activities, and Adjusted Free Cash Flow ranges for fiscal year 2024," Casella said. "The business is operating in line with plan, and our outlook for our markets and the economy has not materially changed."

The Company reaffirmed guidance for the fiscal year ending December 31, 2024 ("fiscal year 2024") by estimating results in the following ranges:

- Revenues between \$1.480 billion and \$1.510 billion.
- Net income between \$35 million and \$45 million.
- Adjusted EBITDA between \$350 million and \$360 million.
- Net cash provided by operating activities between \$260 million and \$270 million.
- Adjusted Free Cash Flow between \$140 million and \$150 million.

The guidance ranges do not include the impact of any acquisitions that have not been completed. Adjusted EBITDA and Adjusted Free Cash Flow related to fiscal year 2024 are described in the Unaudited Reconciliation of Fiscal Year 2024 Outlook Non-GAAP Measures section of this press release. Net income and Net cash provided by operating activities are provided as the most directly comparable GAAP measures to Adjusted EBITDA and Adjusted Free Cash Flow, respectively, however these forward-looking estimates for fiscal year 2024 do not contemplate any unanticipated impacts.

Conference Call to Discuss Quarter

The Company will host a conference call to discuss these results on Friday, April 26, 2024, at 10:00 a.m. Eastern Time. Individuals interested in participating in the call should register for the call by clicking [here](#) to obtain a dial in number and unique passcode. Alternatively, upon registration, the website linked above provides an option for the conference provider to call the registrant's phone line, enabling participation on the call.

The call will also be webcast; to listen, participants should visit the company's website at <http://ir.casella.com> and follow the appropriate link to the webcast. A replay of the call will be available on the Company's website and accessible using the same link.

About Casella Waste Systems, Inc.

Casella Waste Systems, Inc., headquartered in Rutland, Vermont, provides resource management expertise and services to residential, commercial, municipal, institutional and industrial customers, primarily in the areas of solid waste collection and disposal, transfer, recycling and organics services in the eastern United States. For further information, investors may contact Charlie Wohlhuter, Director of Investor Relations at (802) 772-2230; media may contact Jeff Weld, Director of Communications at (802) 772-2234; or visit the Company's website at <http://www.casella.com>.

Safe Harbor Statement

Certain matters discussed in this press release, including, but not limited to, the statements regarding our intentions, beliefs or current expectations concerning, among other things, our financial performance; financial condition; operations and services; prospects; growth; strategies; anticipated impacts from future or completed acquisitions; and guidance for fiscal year 2024, are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such by the context of the statements, including words such as "believe," "expect," "anticipate," "plan," "may," "would," "intend," "estimate," "will," "guidance" and other similar expressions, whether in the negative or affirmative. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which the Company operates and management's beliefs and assumptions. The Company cannot guarantee that it actually will achieve the financial results, plans, intentions, expectations or guidance disclosed in the forward-looking statements made. Such forward-looking statements, and all phases of the Company's operations, involve a number of risks and uncertainties, any one or more of which could cause actual results to differ materially from those described in its forward-looking statements.

Such risks and uncertainties include or relate to, among other things, the following: the Company may be unable to adequately increase prices or drive operating efficiencies to adequately offset increased costs and inflationary pressures,

including increased fuel prices and wages; it is difficult to determine the timing or future impact of a sustained economic slowdown that could negatively affect our operations and financial results; the closure of the Subtitle D landfill located in Southbridge, Massachusetts ("Southbridge Landfill") could result in material unexpected costs; the increasing focus on PFAS and other emerging contaminants, including the recent designation by the EPA of two PFAS chemicals as hazardous substances under CERCLA, will likely lead to increased compliance and remediation costs and litigation risks; adverse weather conditions may negatively impact the Company's revenues and its operating margin; the Company may be unable to increase volumes at its landfills or improve its route profitability; the Company may be unable to reduce costs or increase pricing or volumes sufficiently to achieve estimated Adjusted EBITDA and other targets; landfill operations and permit status may be affected by factors outside the Company's control; the Company may be required to incur capital expenditures in excess of its estimates; the Company's insurance coverage and self-insurance reserves may be inadequate to cover all of its risk exposures; fluctuations in energy pricing or the commodity pricing of its recyclables may make it more difficult for the Company to predict its results of operations or meet its estimates; the Company may be unable to achieve its acquisition or development targets on favorable pricing or at all, including due to the failure to satisfy all closing conditions and to receive required regulatory approvals that may prevent closing of any announced transaction; the Company may not be able to successfully integrate and recognize the expected financial benefits from acquired businesses; and the Company may incur environmental charges or asset impairments in the future.

There are a number of other important risks and uncertainties that could cause the Company's actual results to differ materially from those indicated by such forward-looking statements. These additional risks and uncertainties include, without limitation, those detailed in Item 1A. "Risk Factors" in the Company's most recently filed Form 10-K and in other filings that the Company may make with the Securities and Exchange Commission in the future.

The Company undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

Investors:

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Director of Investor Relations
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Media:

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for per share data)

| | Three Months Ended March 31, Unaudited | |
|--|--|-----------------|
| | 2024 | 2023 |
| Revenues | \$ 341,008 | \$ 262,595 |
| Operating expenses: | | |
| Cost of operations | 230,792 | 180,243 |
| General and administration | 44,334 | 35,679 |
| Depreciation and amortization | 54,037 | 33,435 |
| Expense from acquisition activities | 5,010 | 2,863 |
| Southbridge Landfill closure charge | — | 110 |
| | <u>334,173</u> | <u>252,330</u> |
| Operating income | <u>6,835</u> | <u>10,265</u> |
| Other expense (income): | | |
| Interest expense, net | 13,070 | 6,275 |
| Other income | (352) | (349) |
| Other expense, net | <u>12,718</u> | <u>5,926</u> |
| (Loss) income before income taxes | (5,883) | 4,339 |
| (Benefit) provision for income taxes | (1,766) | 791 |
| Net (loss) income | <u>\$ (4,117)</u> | <u>\$ 3,548</u> |
| Basic weighted average common shares outstanding | <u>58,030</u> | <u>51,770</u> |
| Basic (loss) earnings per common share | <u>\$ (0.07)</u> | <u>\$ 0.07</u> |
| Diluted weighted average common shares outstanding | <u>58,030</u> | <u>51,869</u> |
| Diluted (loss) earnings per common share | <u>\$ (0.07)</u> | <u>\$ 0.07</u> |

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

| | March 31, 2024 | December 31, 2023 |
|---|-------------------|----------------------|
| | (Unaudited) | |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 189,457 | \$ 220,912 |
| Accounts receivable, net of allowance for credit losses | 146,795 | 157,324 |
| Other current assets | 49,150 | 48,089 |
| Total current assets | 385,402 | 426,325 |
| Property and equipment, net of accumulated depreciation and amortization | 978,622 | 980,553 |
| Operating lease right-of-use assets | 99,679 | 100,844 |
| Goodwill | 736,513 | 735,670 |
| Intangible assets, net of accumulated amortization | 228,865 | 241,429 |
| Other non-current assets | 48,173 | 50,649 |
| Total assets | \$ 2,477,254 | \$ 2,535,470 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Current maturities of debt | \$ 63,368 | \$ 35,781 |
| Current operating lease liabilities | 8,825 | 9,039 |
| Accounts payable | 79,989 | 116,794 |
| Current accrued final capping, closure and post-closure costs | 10,140 | 10,773 |
| Other accrued liabilities | 81,799 | 106,471 |
| Total current liabilities | 244,121 | 278,858 |
| Debt, less current portion | 980,878 | 1,007,662 |
| Operating lease liabilities, less current portion | 66,630 | 66,074 |
| Accrued final capping, closure and post-closure costs, less current portion | 127,184 | 123,131 |
| Other long-term liabilities | 32,517 | 37,954 |
| Total stockholders' equity | 1,025,924 | 1,021,791 |
| Total liabilities and stockholders' equity | \$ 2,477,254 | \$ 2,535,470 |

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2024 | 2023 |
| Cash Flows from Operating Activities: | | |
| Net (loss) income | \$ (4,117) | \$ 3,548 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | |
| Depreciation and amortization | 54,037 | 33,435 |
| Interest accretion on landfill and environmental remediation liabilities | 2,937 | 2,510 |
| Amortization of debt issuance costs | 741 | 502 |
| Stock-based compensation | 2,135 | 1,976 |
| Operating lease right-of-use assets expense | 4,070 | 3,328 |
| Disposition of assets, other items and charges, net | 320 | 1,315 |
| Deferred income taxes | (2,425) | 86 |
| Changes in assets and liabilities, net of effects of acquisitions and divestitures | (50,019) | (30,621) |
| Net cash provided by operating activities | 7,679 | 16,079 |
| Cash Flows from Investing Activities: | | |
| Acquisitions, net of cash acquired | (294) | (263) |
| Additions to property and equipment | (30,251) | (17,879) |
| Proceeds from sale of property and equipment | 488 | 415 |
| Net cash used in investing activities | (30,057) | (17,727) |
| Cash Flows from Financing Activities: | | |
| Proceeds from debt borrowings | 875 | — |
| Principal payments on debt | (9,952) | (8,996) |
| Payments of debt issuance costs | — | (282) |
| Net cash used in financing activities | (9,077) | (9,278) |
| Net decrease in cash and cash equivalents | (31,455) | (10,926) |
| Cash and cash equivalents, beginning of period | 220,912 | 71,152 |
| Cash and cash equivalents, end of period | \$ 189,457 | \$ 60,226 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash interest payments | \$ 15,500 | \$ 5,873 |
| Cash income tax payments | \$ 1,681 | \$ 4,807 |
| Right-of-use assets obtained in exchange for financing lease obligations | \$ 9,139 | \$ 1,634 |
| Right-of-use assets obtained in exchange for operating lease obligations | \$ 1,613 | \$ 5,682 |

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED RECONCILIATION OF CERTAIN NON-GAAP MEASURES
(In thousands)

Non-GAAP Performance Measures

In addition to disclosing financial results prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), the Company also presents non-GAAP performance measures such as Adjusted EBITDA, Adjusted EBITDA as a percentage of revenues, Adjusted Operating Income, Adjusted Operating Income as a percentage of revenues, Adjusted Net (Loss) Income and Adjusted Diluted (Loss) Earnings Per Common Share that provide an understanding of operational performance because it considers them important supplemental measures of the Company's performance that are frequently used by securities analysts, investors and other interested parties in the evaluation of the Company's results. The Company also believes that identifying the impact of certain items as adjustments provides more transparency and comparability across periods. Management uses these non-GAAP performance measures to further understand its "core operating performance" and believes its "core operating performance" is helpful in understanding its ongoing performance in the ordinary course of operations. The Company believes that providing such non-GAAP performance measures to investors, in addition to corresponding income statement measures, affords investors the benefit of viewing the Company's performance using the same financial metrics that the management team uses in making many key decisions and understanding how the core business and its results of operations has performed. The tables below set forth such performance measures on an adjusted basis to exclude such items:

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------|
| | 2024 | 2023 |
| Net (loss) income | \$ (4,117) | \$ 3,548 |
| Net (loss) income as a percentage of revenues | (1.2)% | 1.4 % |
| (Benefit) provision for income taxes | (1,766) | 791 |
| Other income | (352) | (349) |
| Interest expense, net | 13,070 | 6,275 |
| Expense from acquisition activities (i) | 5,010 | 2,863 |
| Southbridge Landfill closure charge (ii) | — | 110 |
| Gain on resolution of acquisition-related contingent consideration (iii) | — | (589) |
| Depreciation and amortization | 54,037 | 33,435 |
| Depletion of landfill operating lease obligations | 2,198 | 2,073 |
| Interest accretion on landfill and environmental remediation liabilities | 2,937 | 2,510 |
| Adjusted EBITDA | \$ 71,017 | \$ 50,667 |
| Adjusted EBITDA as a percentage of revenues | 20.8 % | 19.3 % |
| Depreciation and amortization | (54,037) | (33,435) |
| Depletion of landfill operating lease obligations | (2,198) | (2,073) |
| Interest accretion on landfill and environmental remediation liabilities | (2,937) | (2,510) |
| Adjusted Operating Income | \$ 11,845 | \$ 12,649 |
| Adjusted Operating Income as a percentage of revenues | 3.5 % | 4.8 % |

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------------|
| | 2024 | 2023 |
| Net (loss) income | \$ (4,117) | \$ 3,548 |
| Expense from acquisition activities (i) | 5,010 | 2,863 |
| Southbridge Landfill closure charge (ii) | — | 110 |
| Gain on resolution of acquisition-related contingent consideration (iii) | — | (589) |
| Tax effect (iv) | (1,683) | (657) |
| Adjusted Net (Loss) Income | \$ (790) | \$ 5,275 |
| Diluted weighted average common shares outstanding | 58,030 | 51,869 |
| Diluted (loss) earnings per common share | \$ (0.07) | \$ 0.07 |
| Expense from acquisition activities (i) | 0.09 | 0.05 |
| Southbridge Landfill closure charge (ii) | — | — |
| Gain on resolution of acquisition-related contingent consideration (iii) | — | (0.01) |
| Tax effect (iv) | (0.03) | (0.01) |
| Adjusted Diluted (Loss) Earnings Per Common Share | \$ (0.01) | \$ 0.10 |

- (i) *Expense from acquisition activities* is primarily legal, consulting or other similar costs incurred during the period associated with the due diligence, acquisition and integration of acquired businesses as part of the Company's strategic growth initiative.
- (ii) *Southbridge Landfill closure charge* are expenses related to the unplanned early closure of the Southbridge Landfill along with associated legal activities. The Company initiated the unplanned, premature closure of the Southbridge Landfill in the fiscal year ended December 31, 2017 due to the significant capital investment required to obtain expansion permits and for future development coupled with an uncertain regulatory environment. The unplanned closure of the Southbridge Landfill reduced the economic useful life of the assets from prior estimates by approximately ten years. The Company expects to incur certain costs through completion of the closure process.
- (iii) *Gain on resolution of acquisition-related contingent consideration* is associated with the reversal of a contingency for a transfer station permit expansion that is no longer considered viable.
- (iv) *Tax effect* of the adjustments is an aggregate of the current and deferred tax impact of each adjustment, including the impact to the effective tax rate, current provision and deferred provision. The computation considers all relevant impacts of the adjustments, including available net operating loss carryforwards and the impact on the remaining valuation allowance.

Non-GAAP Liquidity Measures

In addition to disclosing financial results prepared in accordance with GAAP, the Company also presents non-GAAP liquidity measures such as Adjusted Free Cash Flow that provide an understanding of the Company's liquidity because it considers them important supplemental measures of its liquidity that are frequently used by securities analysts, investors and other interested parties in the evaluation of the Company's cash flow generation from its core operations that are then available to be deployed for strategic acquisitions, growth investments, development projects, unusual landfill closures, site improvement and remediation, and strengthening the Company's balance sheet through paying down debt. The Company also believes that showing the impact of certain items as adjustments provides more transparency and comparability across periods. Management uses non-GAAP liquidity measures to understand the Company's cash flow provided by operating activities after certain expenditures along with its consolidated net leverage and believes that these measures demonstrate the Company's ability to execute on its strategic initiatives. The Company believes that providing such non-GAAP liquidity measures to investors, in addition to corresponding cash flow statement measures, affords investors the benefit of viewing the Company's liquidity using the same financial metrics that the management team uses in making many key decisions and understanding how the core business and cash flow generation has performed. The table below, on an adjusted basis to exclude certain items, sets forth such liquidity measures:

| | Three Months Ended March 31, | |
|---|---------------------------------|------------------|
| | 2024 | 2023 |
| Net cash provided by operating activities | \$ 7,679 | \$ 16,079 |
| Capital expenditures | (30,251) | (17,879) |
| Proceeds from sale of property and equipment | 488 | 415 |
| Southbridge Landfill closure (i) | 695 | 1,249 |
| Cash outlays from acquisition activities (ii) | 4,494 | 864 |
| Acquisition capital expenditures (iii) | 6,088 | 1,090 |
| McKean Landfill rail capital expenditures (iv) | 2,195 | 424 |
| FLSA legal settlement payment (v) | 6,150 | — |
| Landfill capping charge - veneer failure payment (vi) | 56 | — |
| Adjusted Free Cash Flow | \$ (2,406) | \$ 2,242 |

- (i) *Southbridge Landfill closure* are cash outlays associated with the unplanned, early closure of the Southbridge Landfill. The Company initiated the unplanned, premature closure of the Southbridge Landfill in the fiscal year ended December 31, 2017, and expects to incur cash outlays through completion of the closure and environmental remediation process.
- (ii) *Cash outlays from acquisition activities* are cash outlays for transaction and integration costs relating to specific acquisition transactions and include legal, environmental, valuation and consulting as well as asset, workforce and system integration costs as part of the Company's strategic growth initiative.
- (iii) *Acquisition capital expenditures* are acquisition related capital expenditures that are necessary to optimize strategic synergies associated with integrating newly acquired operations as contemplated by the discounted cash flow return analysis conducted by management as part of the acquisition investment decision. Acquisition related capital expenditures include costs required to achieve initial operating synergies and integrate operations.
- (iv) *McKean Landfill rail capital expenditures* are long-term infrastructure capital expenditures related to rail side development at the Company's landfill in Mount Jewett, PA ("McKean Landfill"), which is different from the landfill construction investments in the normal course of operations.
- (v) *FLSA legal settlement payment* is the cash outlay of a legal settlement related to reaching an agreement in June 2023 with the collective class members of a class action lawsuit relating to certain claims under the Fair Labor Standards Act of 1938 ("FLSA") as well as state wage and hours laws.
- (vi) *Landfill capping charge - veneer failure payment* is the cash outlay associated with operating expenses incurred to clean up the affected capping material at the Company's landfill in Seneca, New York. Engineering analysis is currently underway to determine root causes and responsibility for the event.

Non-GAAP financial measures are not in accordance with or an alternative for GAAP. Adjusted EBITDA, Adjusted EBITDA as a percentage of revenues, Adjusted Operating Income, Adjusted Operating Income as a percentage of revenues, Adjusted Net (Loss) Income, Adjusted Diluted (Loss) Earnings Per Common Share, and Adjusted Free Cash Flow should not be considered in isolation from or as a substitute for financial information presented in accordance with GAAP, and may be different from Adjusted EBITDA, Adjusted EBITDA as a percentage of revenues, Adjusted Operating Income, Adjusted Operating Income as a percentage of revenues, Adjusted Net (Loss) Income, Adjusted Diluted (Loss) Earnings Per Common Share, and Adjusted Free Cash Flow presented by other companies.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED RECONCILIATION OF FISCAL YEAR 2024 OUTLOOK NON-GAAP MEASURES
(In thousands)

Following is a reconciliation of the Company's estimated Adjusted EBITDA⁽ⁱ⁾ from estimated Net income for fiscal year 2024:

| | (Estimated) Twelve Months Ending December 31, 2024 |
|--|---|
| Net income | \$35,000 - \$45,000 |
| Provision for income taxes | 18,000 |
| Other income | (2,000) |
| Interest expense, net | 51,000 |
| Southbridge Landfill closure charge | 1,000 |
| Expense from acquisition activities | 6,000 |
| Depreciation and amortization | 222,000 |
| Depletion of landfill operating lease obligations | 9,000 |
| Interest accretion on landfill and environmental remediation liabilities | 10,000 |
| Adjusted EBITDA | \$350,000 - \$360,000 |

Following is a reconciliation of the Company's estimated Adjusted Free Cash Flow⁽ⁱ⁾ from estimated Net cash provided by operating activities for fiscal year 2024:

| | (Estimated) Twelve Months Ending December 31, 2024 |
|--|---|
| Net cash provided by operating activities | \$260,000 - \$270,000 |
| Capital expenditures | (184,000) |
| Proceeds from sale of property and equipment | 500 |
| FLSA legal settlement payment | 6,150 |
| Southbridge Landfill closure | 4,000 |
| Acquisition capital expenditures | 40,500 |
| Cash outlays from acquisition activities | 6,000 |
| McKean Landfill rail capital expenditures | 6,000 |
| Landfill capping charge - veneer failure payment | 850 |
| Adjusted Free Cash Flow | \$140,000 - \$150,000 |

- (i) See footnotes for Non-GAAP Performance Measures and Non-GAAP Liquidity Measures included in the *Unaudited Reconciliation of Certain Non-GAAP Measures* for further disclosure over the nature of the various adjustments to estimated Adjusted EBITDA and estimated Adjusted Free Cash Flow.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED SUPPLEMENTAL DATA TABLES
(In thousands)

Amounts of total revenues attributable to services provided for the three months ended March 31, 2024 and 2023 are as follows:

| | Three Months Ended March 31, | | | |
|--------------------------------------|------------------------------|---------------------|-------------------|---------------------|
| | 2024 | % of Total Revenues | 2023 | % of Total Revenues |
| Collection | \$ 211,360 | 62.0 % | \$ 139,977 | 53.3 % |
| Disposal | 50,139 | 14.7 % | 51,466 | 19.6 % |
| Landfill gas-to-energy | 2,509 | 0.7 % | 1,924 | 0.7 % |
| Processing | 1,929 | 0.6 % | 1,576 | 0.6 % |
| Solid waste operations | 265,937 | 78.0 % | 194,943 | 74.2 % |
| Processing | 29,762 | 8.7 % | 22,806 | 8.7 % |
| National Accounts | 45,309 | 13.3 % | 44,846 | 17.1 % |
| Resource Solutions operations | 75,071 | 22.0 % | 67,652 | 25.8 % |
| Total revenues | \$ 341,008 | 100.0 % | \$ 262,595 | 100.0 % |

Components of revenue growth for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 are as follows:

| | Amount | % of Related Business | % of Operations | % of Total Company |
|--|------------------|-----------------------|-----------------|--------------------|
| Solid waste operations: | | | | |
| Collection | \$ 8,741 | 6.2 % | 4.5 % | 3.3 % |
| Disposal | 2,077 | 4.0 % | 1.0 % | 0.8 % |
| Solid waste price | 10,818 | | 5.5 % | 4.1 % |
| Collection | (1,699) | (1.2)% | (0.9)% | (0.6)% |
| Disposal | (3,841) | (7.5)% | (2.0)% | (1.5)% |
| Processing | 159 | | 0.1 % | 0.1 % |
| Solid waste volume | (5,381) | | (2.8)% | (2.0)% |
| Surcharges and other fees | (1,210) | | (0.6)% | (0.5)% |
| Commodity price and volume | 778 | | 0.4 % | 0.3 % |
| Acquisitions | 65,989 | | 33.9 % | 25.1 % |
| Total solid waste operations | 70,994 | | 36.4 % | 27.0 % |
| Resource Solutions operations: | | | | |
| Price | 6,204 | | 9.2 % | 2.4 % |
| Volume | (1,361) | | (2.0)% | (0.4)% |
| Surcharges and other fees | (427) | | (0.6)% | (0.2)% |
| Acquisitions | 3,003 | | 4.4 % | 1.1 % |
| Total Resource Solutions operations | 7,419 | | 11.0 % | 2.9 % |
| Total Company | \$ 78,413 | | | 29.9 % |

Components of capital expenditures⁽ⁱ⁾ for the three months ended March 31, 2024 and 2023 are as follows:

| | Three Months Ended March 31, | |
|---|---------------------------------|------------------|
| | 2024 | 2023 |
| Growth capital expenditures: | | |
| Acquisition capital expenditures | \$ 6,088 | \$ 1,090 |
| McKean Landfill rail capital expenditures | 2,195 | 424 |
| Other | 2,634 | 1,396 |
| Growth capital expenditures | 10,917 | 2,910 |
| Replacement capital expenditures: | | |
| Landfill development | 4,202 | 1,462 |
| Vehicles, machinery, equipment and containers | 12,754 | 7,799 |
| Facilities | 1,562 | 4,055 |
| Other | 816 | 1,653 |
| Replacement capital expenditures | 19,334 | 14,969 |
| Capital expenditures | \$ 30,251 | \$ 17,879 |

- (i) The Company's capital expenditures are broadly defined as pertaining to either growth or replacement activities. *Growth capital expenditures* are defined as costs related to development projects, organic business growth, and the integration of newly acquired operations. Growth capital expenditures include costs related to the following: 1) acquisition capital expenditures that are necessary to optimize strategic synergies associated with integrating newly acquired operations as contemplated by the discounted cash flow return analysis conducted by management as part of the acquisition investment decision and includes the capital expenditures required to achieve initial operating synergies and integrate operations; 2) McKean Landfill rail capital expenditures, which is unique and different from landfill construction investments in the normal course of operations because the Company is investing in long-term infrastructure; and 3) development of new airspace, permit expansions, and new recycling contracts, equipment added directly as a result of organic business growth and infrastructure added to increase throughput at transfer stations and recycling facilities. *Replacement capital expenditures* are defined as landfill cell construction costs not related to expansion airspace, costs for normal permit renewals, replacement costs for equipment and other capital expenditures due to age or obsolescence, and capital items not defined as growth capital expenditures.