
**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): July 28, 2022

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 July 28, 2022, Casella Waste Systems, Inc. (the “Company”) issued a press release announcing its financial results for the second quarter ended June 30, 2022. 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

Exhibit No.	Exhibit Description
99.1	Press Release of Casella Waste Systems, Inc. dated July 28, 2022.
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: July 28, 2022

By: /s/ Edmond R. Coletta
Edmond R. Coletta
President and Chief Financial Officer

FOR IMMEDIATE RELEASE

CASELLA WASTE SYSTEMS, INC. ANNOUNCES SECOND QUARTER 2022 RESULTS AND RAISES FISCAL YEAR 2022 GUIDANCE

- **Strong second quarter financial results reflected further execution against the Company's operating efficiency programs, a continuation of robust pricing, and growth strategy.**
- **The Company raised its revenue, net income, Adjusted EBITDA, net cash provided by operating activities, and Adjusted Free Cash Flow guidance ranges for the fiscal year ending December 31, 2022 ("fiscal year 2022").**
- **Consolidated revenues surpass \$1.0 billion for the twelve months ended June 30, 2022, marking the first time in the Company's history.**

RUTLAND, VERMONT (July 28, 2022) — Casella Waste Systems, Inc. (NASDAQ: CWST), a regional solid waste, recycling and resource management services company, today reported its financial results for the three and six month periods ended June 30, 2022.

Highlights for the Three Months and Year-to-Date Period Ended June 30, 2022:

- **Revenues were \$283.7 million for the quarter, up \$67.8 million, or up 31.4%, from the same period in 2021.**
- **Overall solid waste pricing for the quarter was up 6.9%, driven by collection pricing, up 7.7%, and disposal pricing, up 5.7%, from the same period in 2021.**
- **Net income was \$17.8 million for the quarter, up \$6.0 million, or up 51.0%, from the same period in 2021.**
- **Adjusted EBITDA, a non-GAAP measure, was \$68.5 million for the quarter, up \$16.4 million, or up 31.4%, from the same period in 2021.**
- **Net cash provided by operating activities was \$92.3 million for the year-to-date period, up \$13.2 million, or up 16.8%, from the same period in 2021.**
- **Adjusted Free Cash Flow, a non-GAAP measure, was \$46.2 million for the year-to-date period, up \$8.6 million, or up 22.9%, from the same period in 2021.**
- **Acquired 11 businesses with approximately \$47 million of annualized revenues year-to-date.**

"We had a strong quarter as our mature operating efficiency and pricing programs helped us to offset the impact of historically high inflation," said John W. Casella, Chairman and CEO of Casella Waste Systems, Inc. "As a result of these efforts, we grew quarterly Adjusted EBITDA by 31.4% year-over-year and increased year-to-date Adjusted Free Cash Flow by 22.9% year-over-year."

"Our core business is performing very well and driving growth, while our execution against our acquisition strategy has resulted in incremental growth," Casella said. "As of the twelve-months ended June 30, 2022, for the first time in the Company's history, we exceeded \$1.0 billion in annual revenues. This is a true milestone for the Company. I am proud of our continued execution and believe we have the right people and processes in place to continue delivering strong results over the remainder of the year."

"As we expected, our fuel cost recovery fees effectively helped to offset the impact of rising fuel costs in the quarter, while resulting in limited margin compression." Casella said. "Further, our nimble efforts to adjust our pricing programs early in the year resulted in a 7.7% increase in collection pricing and a 6.9% increase in solid waste pricing in the second quarter. These actions, combined with a continued focus on driving operating costs out of the business through our key initiatives, underscore our ability to offset the impact of inflation, and we expect margin expansion to build through the rest of the year."

"We continue to grow the business meaningfully through acquisitions. Year-to-date, we have closed on 11 strategic acquisitions with annualized revenues of approximately \$47 million and continue to have a robust pipeline of opportunities. We remain disciplined in our approach and have the potential to close on additional deals this fiscal year." Casella said.

For the quarter, revenues were \$283.7 million, up \$67.8 million, or up 31.4%, from the same period in 2021, with revenue growth mainly driven by: the roll-over impact from acquisitions along with newly closed acquisitions; positive collection and disposal pricing; higher solid waste fuel cost recovery fees; higher solid waste volumes; higher recycled commodity prices; and higher pricing, fees and volumes within our Resource Solutions operating segment.

Net income was \$17.8 million for the quarter, or \$0.34 per diluted common share, up \$6.0 million, or up 51.0%, as compared to net income of \$11.8 million, or \$0.23 per diluted common share, for the same period in 2021. Adjusted Net Income, a non-GAAP measure, was \$18.6 million for the quarter, or \$0.36 Adjusted Diluted Earnings Per Common Share, a non-GAAP measure, up \$5.6 million, or up 42.9%, as compared to Adjusted Net Income of \$13.0 million, or \$0.25 Adjusted Diluted Earnings Per Common Share, for the same period in 2021.

Operating income was \$31.7 million for the quarter, up \$9.8 million, or up 44.5%, from the same period in 2021. Adjusted EBITDA was \$68.5 million for the quarter, up \$16.4 million, or up 31.4%, from the same period in 2021.

For the year-to-date period, revenues were \$517.7 million, up \$112.3 million, or up 27.7%, from the same period in 2021. Net income was \$22.0 million, or \$0.43 per diluted common share, for the year-to-date period, as compared to net income of \$16.1 million, or \$0.31 per diluted common share, for the same period in 2021. Adjusted Net Income was \$24.4 million, or \$0.47 Adjusted Diluted Earnings Per Common Share, for the year-to-date period, as compared to Adjusted Net Income of \$17.8 million, or \$0.35 Adjusted Diluted Earnings Per Common Share, for the same period in 2021.

Operating income was \$41.9 million for the year-to-date period, up \$7.9 million from the same period in 2021. Adjusted EBITDA was \$114.0 million for the year-to-date period, up \$23.1 million from the same period in 2021.

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

Net cash provided by operating activities was \$92.3 million for the year-to-date period, as compared to \$79.0 million for the same period in 2021. Adjusted Free Cash Flow was \$46.2 million for the year-to-date period, as compared to \$37.6 million for the same period in 2021.

Please refer to "Non-GAAP Liquidity Measures" included in "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 2022 Outlook

"Given our strong operating execution year-to-date and the expected positive contribution of acquisitions completed this year, we are updating fiscal year 2022 guidance ranges for the second time this year," Casella said. "These guidance ranges assume a stable economic environment through the remainder of the year, including the current historically high inflationary environment. We expect our pricing, fuel cost recovery fees, and operating efficiency programs to allow us to outpace higher costs and drive margin expansion year-over-year."

The Company raised guidance for fiscal year 2022 by estimating results in the following ranges:

- Revenues between \$1.035 billion and \$1.050 billion (raised from a range of \$1.005 billion to \$1.020 billion);
- Net income between \$50 million and \$54 million (raised from a range of \$48 million to \$52 million);
- Adjusted EBITDA between \$238 million and \$242 million (raised from a range of \$232 million to \$236 million);
- Net cash provided by operating activities between \$208 million and \$212 million (raised from a range of \$204 million to \$208 million); and
- Adjusted Free Cash Flow between \$106 million and \$110 million (raised from a range of \$104 million to \$108 million).

Adjusted EBITDA and Adjusted Free Cash Flow related to fiscal year 2022 are described in the Reconciliation of Fiscal Year 2022 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 2022 do not contemplate any unanticipated or non-recurring impacts.

Conference call to discuss quarter

The Company will host a conference call to discuss these results on Friday, July 29, 2022 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 northeastern United States. For further information, investors contact Jason Mead, Senior Vice President of Finance and Treasurer at (802) 772-2293; media contact Joseph Fusco, Vice President at (802) 772-2247; 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 2022, 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; it is challenging to predict the duration and scope of the novel coronavirus pandemic and its negative effect on the economy, our operations and financial results; the capping and closure of the Subtitle D landfill located in Southbridge, Massachusetts ("Southbridge Landfill") could result in material unexpected costs; recent changes in solid waste laws of the State of Maine may result in lower revenues or higher operating costs; 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 significant 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; the Company may not be able to successfully integrate 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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Senior Vice President of Finance & Treasurer
(802) 772-2293

Media:

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	\$ 283,666	\$ 215,875	\$ 517,693	\$ 405,406
Operating expenses:				
Cost of operations	186,038	138,553	348,493	265,691
General and administration	33,562	29,212	63,354	56,343
Depreciation and amortization	31,150	24,337	60,579	47,019
Expense from acquisition activities	1,019	1,632	3,062	2,046
Southbridge Landfill closure charge	178	195	318	352
	<u>251,947</u>	<u>193,929</u>	<u>475,806</u>	<u>371,451</u>
Operating income	<u>31,719</u>	<u>21,946</u>	<u>41,887</u>	<u>33,955</u>
Other expense (income):				
Interest expense, net	5,656	5,230	10,821	10,634
Other income	(312)	(510)	(457)	(648)
Other expense, net	<u>5,344</u>	<u>4,720</u>	<u>10,364</u>	<u>9,986</u>
Income before income taxes	26,375	17,226	31,523	23,969
Provision for income taxes	8,579	5,443	9,537	7,875
Net income	<u>\$ 17,796</u>	<u>\$ 11,783</u>	<u>\$ 21,986</u>	<u>\$ 16,094</u>
Basic weighted average common shares outstanding	<u>51,642</u>	<u>51,366</u>	<u>51,567</u>	<u>51,273</u>
Basic earnings per common share	<u>\$ 0.34</u>	<u>\$ 0.23</u>	<u>\$ 0.43</u>	<u>\$ 0.31</u>
Diluted weighted average common shares outstanding	<u>51,781</u>	<u>51,546</u>	<u>51,720</u>	<u>51,466</u>
Diluted earnings per common share	<u>\$ 0.34</u>	<u>\$ 0.23</u>	<u>\$ 0.43</u>	<u>\$ 0.31</u>

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

	June 30, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 39,309	\$ 33,809
Accounts receivable, net of allowance for credit losses	108,313	86,979
Other current assets	33,534	25,691
Total current assets	181,156	146,479
Property, plant and equipment, net of accumulated depreciation and amortization	668,381	644,604
Operating lease right-of-use assets	93,253	93,799
Goodwill	262,508	232,860
Intangible assets, net of accumulated amortization	96,762	93,723
Other non-current assets	68,659	72,115
Total assets	\$ 1,370,719	\$ 1,283,580
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of debt	\$ 7,636	\$ 9,901
Current operating lease liabilities	6,425	7,307
Accounts payable	73,270	63,086
Other accrued liabilities	75,683	71,899
Total current liabilities	163,014	152,193
Debt, less current portion	575,556	542,503
Operating lease liabilities, less current portion	59,027	56,375
Other long-term liabilities	115,556	110,052
Total stockholders' equity	457,566	422,457
Total liabilities and stockholders' equity	\$ 1,370,719	\$ 1,283,580

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

	Six Months Ended June 30,	
	2022	2021
Cash Flows from Operating Activities:		
Net income	\$ 21,986	\$ 16,094
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	60,579	47,019
Interest accretion on landfill and environmental remediation liabilities	4,015	3,962
Amortization of debt issuance costs	924	1,144
Stock-based compensation	3,178	6,057
Operating lease right-of-use assets expense	6,824	6,407
Gain on sale of property and equipment	(269)	(92)
Non-cash expense from acquisition activities	645	1,022
Deferred income taxes	7,156	7,041
Changes in assets and liabilities, net of effects of acquisitions and divestitures	(12,787)	(9,641)
Net cash provided by operating activities	92,251	79,013
Cash Flows from Investing Activities:		
Acquisitions, net of cash acquired	(56,250)	(5,481)
Additions to property, plant and equipment	(54,868)	(56,069)
Proceeds from sale of property and equipment	507	403
Net cash used in investing activities	(110,611)	(61,147)
Cash Flows from Financing Activities:		
Proceeds from debt borrowings	82,200	500
Principal payments on debt	(55,297)	(5,643)
Payments of debt issuance costs	(1,229)	—
Payments of contingent consideration	(1,000)	—
Proceeds from the exercise of share based awards	192	112
Net cash provided by (used in) financing activities	24,866	(5,031)
Net increase in cash and cash equivalents	6,506	12,835
Cash, cash equivalents and restricted cash, beginning of period	33,809	154,342
Cash, cash equivalents and restricted cash, end of period	\$ 40,315	\$ 167,177
Supplemental Disclosure of Cash Flow Information:		
Cash interest payments	\$ 9,648	\$ 9,701
Cash income tax payments	\$ 2,092	\$ 411
Non-current assets obtained through long-term financing obligations	\$ 4,190	\$ 5,894
Right-of-use assets obtained in exchange for operating lease obligations	\$ 5,194	\$ 1,251

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 Income and Adjusted Diluted 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 June 30,				Six Months Ended June 30,				
	2022		2021		2022		2021		
Net income	\$	17,796	\$	11,783	\$	21,986	\$	16,094	
<i>Net income as a percentage of revenues</i>		6.3	%	5.5	%	4.2	%	4.0	%
Provision for income taxes		8,579		5,443		9,537		7,875	
Other income		(312)		(510)		(457)		(648)	
Interest expense, net		5,656		5,230		10,821		10,634	
Expense from acquisition activities (i)		1,019		1,632		3,062		2,046	
Southbridge Landfill closure charge (ii)		178		195		318		352	
Depreciation and amortization		31,150		24,337		60,579		47,019	
Depletion of landfill operating lease obligations		2,334		1,977		4,147		3,581	
Interest accretion on landfill and environmental remediation liabilities		2,050		2,005		4,015		3,962	
Adjusted EBITDA	\$	68,450	\$	52,092	\$	114,008	\$	90,915	
<i>Adjusted EBITDA as a percentage of revenues</i>		24.1	%	24.1	%	22.0	%	22.4	%
Depreciation and amortization		(31,150)		(24,337)		(60,579)		(47,019)	
Depletion of landfill operating lease obligations		(2,334)		(1,977)		(4,147)		(3,581)	
Interest accretion on landfill and environmental remediation liabilities		(2,050)		(2,005)		(4,015)		(3,962)	
Adjusted Operating Income	\$	32,916	\$	23,773	\$	45,267	\$	36,353	
<i>Adjusted Operating Income as a percentage of revenues</i>		11.6	%	11.0	%	8.7	%	9.0	%

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income	\$ 17,796	\$ 11,783	\$ 21,986	\$ 16,094
Expense from acquisition activities (i)	1,019	1,632	3,062	2,046
Southbridge Landfill closure charge (ii)	178	195	318	352
Tax effect (iii)	(396)	(597)	(998)	(728)
Adjusted Net Income	\$ 18,597	\$ 13,013	\$ 24,368	\$ 17,764
Diluted weighted average common shares outstanding	51,781	51,546	51,720	51,466
Diluted earnings per common share	\$ 0.34	\$ 0.23	\$ 0.43	\$ 0.31
Expense from acquisition activities (i)	0.03	0.03	0.06	0.04
Southbridge Landfill closure charge (ii)	—	—	0.01	0.01
Tax effect (iii)	(0.01)	(0.01)	(0.03)	(0.01)
Adjusted Diluted Earnings Per Common Share	\$ 0.36	\$ 0.25	\$ 0.47	\$ 0.35

- (i) *Expense from acquisition activities* is primarily legal, consulting or other similar costs incurred during the period associated with due diligence and the acquisition and integration of acquired businesses or select development projects 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) *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 identifying 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net cash provided by operating activities	\$ 67,537	\$ 46,866	\$ 92,251	\$ 79,013
Capital expenditures	(41,958)	(29,237)	(54,868)	(56,069)
Proceeds from sale of property and equipment	362	280	507	403
Southbridge Landfill closure and Potsdam environmental remediation (i)	1,052	2,143	1,954	2,534
Cash outlays from acquisition activities (ii)	1,310	756	2,416	1,024
Post acquisition and development project capital expenditures (iii)	1,620	1,231	3,988	4,278
Waste USA Landfill phase VI capital expenditures (iv)	—	5,339	—	6,439
Adjusted Free Cash Flow	\$ 29,923	\$ 27,378	\$ 46,248	\$ 37,622

- (i) *Southbridge Landfill closure and Potsdam environmental remediation* are cash outlays associated with the unplanned closure of the Southbridge Landfill and the Company's portion of costs associated with environmental remediation at Potsdam, which are added back when calculating Adjusted Free Cash Flow due to their non-recurring nature and the significance of the related cash flows. The Company initiated the unplanned 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. The Potsdam site was deemed a Superfund site in 2000 and is not associated with current operations.
- (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) *Post acquisition and development project capital expenditures* are (x) 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; and (y) non-routine development investments that are expected to provide long-term returns. Acquisition related capital expenditures include costs required to achieve initial operating synergies and integrate operations.
- (iv) *Waste USA Landfill phase VI capital expenditures* related to the Company's landfill in Coventry, Vermont ("Waste USA Landfill") phase VI construction and development that are added back when calculating Adjusted Free Cash Flow due to the specific nature of this investment in the development of long-term infrastructure which is different from landfill construction investments in the normal course of operations. This investment at the Waste USA Landfill is unique because the Company is investing in long-term infrastructure over an estimated four year period that will not yield a positive economic benefit until 2023 and extending over approximately 20 years.

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 Income, Adjusted Diluted 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 Income, Adjusted Diluted Earnings Per Common Share, and Adjusted Free Cash Flow presented by other companies.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED RECONCILIATION OF FISCAL YEAR 2022 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 2022:

	(Estimated) Fiscal Year Ending December 31, 2022
Net income	\$50,000 - \$54,000
Provision for income taxes	22,000
Other income	(1,000)
Interest expense, net	22,000
Expense from acquisition activities	3,000
Southbridge Landfill closure charge	1,000
Depreciation and amortization	126,000
Depletion of landfill operating lease obligations	8,000
Interest accretion on landfill and environmental remediation liabilities	7,000
Adjusted EBITDA	\$238,000 - \$242,000

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 2022:

	(Estimated) Fiscal Year Ending December 31, 2022
Net cash provided by operating activities	\$208,000 - \$212,000
Capital expenditures	(130,000)
Proceeds from sale of property and equipment	500
Southbridge Landfill closure and Potsdam environmental remediation	5,000
Cash outlays from acquisition activities	2,500
Post acquisition and development project capital expenditures	20,000
Adjusted Free Cash Flow	\$106,000 - \$110,000

- (i) See footnotes for Non-GAAP Performance Measures and Non-GAAP Liquidity Measures included in the *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 and six months ended June 30, 2022 and 2021 are as follows:

	Three Months Ended June 30,			
	2022	% of Total Revenues	2021	% of Total Revenues
Collection	\$ 137,261	48.4 %	\$ 107,327	49.7 %
Disposal	60,204	21.2 %	49,173	22.8 %
Power generation	1,753	0.6 %	1,100	0.5 %
Processing	2,929	1.1 %	2,310	1.1 %
Solid waste operations	202,147	71.3 %	159,910	74.1 %
Processing	33,867	11.9 %	21,031	9.7 %
Non-processing	47,652	16.8 %	34,934	16.2 %
Resource Solutions operations	81,519	28.7 %	55,965	25.9 %
Total revenues	\$ 283,666	100.0 %	\$ 215,875	100.0 %

	Six Months Ended June 30,			
	2022	% of Total Revenues	2021	% of Total Revenues
Collection	\$ 256,793	49.6 %	\$ 204,796	50.5 %
Disposal	103,356	20.0 %	87,026	21.5 %
Power generation	4,407	0.9 %	2,403	0.6 %
Processing	4,749	0.8 %	3,794	0.9 %
Solid waste operations	369,305	71.3 %	298,019	73.5 %
Processing	61,263	11.9 %	38,302	9.5 %
Non-processing	87,125	16.8 %	69,085	17.0 %
Resource Solutions operations	148,388	28.7 %	107,387	26.5 %
Total revenues	\$ 517,693	100.0 %	\$ 405,406	100.0 %

Components of revenue growth for the three months ended June 30, 2022 compared to the three months ended June 30, 2021 are as follows:

	Amount	% of Related Business	% of Operations	% of Total Company
Solid waste operations:				
Collection	\$ 8,289	7.7 %	5.2 %	3.8 %
Disposal	2,793	5.7 %	1.7 %	1.3 %
Solid waste price	11,082		6.9 %	5.1 %
Collection	(679)		(0.4) %	(0.3) %
Disposal	3,049		1.9 %	1.4 %
Processing	235		0.1 %	0.1 %
Solid waste volume	2,605		1.6 %	1.2 %
Surcharges and other fees	8,433		5.3 %	4.0 %
Commodity price and volume	741		0.5 %	0.3 %
Acquisitions	19,378		12.1 %	9.0 %
Closed operations	(2)		— %	— %
Total solid waste operations	42,237		26.4 %	19.6 %
Resource Solutions operations:				
Price	4,830		8.6 %	2.2 %
Volume	2,833		5.1 %	1.3 %
Surcharges and other fees	667		1.2 %	0.3 %
Acquisitions	17,224		30.8 %	8.0 %
Total Resource Solutions operations	25,554		45.7 %	11.8 %
Total company	\$ 67,791			31.4 %

Solid waste internalization rates by region for the three and six months ended June 30, 2022 and 2021 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Eastern region	38.9 %	52.6 %	39.3 %	51.4 %
Western region	59.6 %	59.9 %	57.9 %	60.6 %
Solid waste internalization	49.4 %	56.4 %	48.6 %	56.2 %

Components of capital expenditures (i) for the three and six months ended June 30, 2022 and 2021 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Growth capital expenditures:				
Post acquisition and development project	\$ 1,620	\$ 1,231	\$ 3,988	\$ 4,278
Waste USA Landfill phase VI	—	5,339	—	6,439
Other	1,719	4,655	2,486	6,394
Growth capital expenditures	3,339	11,225	6,474	17,111
Replacement capital expenditures:				
Landfill development	11,302	7,476	12,862	8,765
Vehicles, machinery, equipment and containers	22,852	8,175	29,524	25,743
Facilities	3,080	1,019	4,225	1,669
Other	1,385	1,342	1,783	2,781
Replacement capital expenditures	38,619	18,012	48,394	38,958
Capital expenditures	\$ 41,958	\$ 29,237	\$ 54,868	\$ 56,069

- (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) post acquisition and development projects 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 as well as non-routine development investments that are expected to provide long-term returns and includes the capital expenditures required to achieve initial operating synergies and integrate operations; 2) Waste USA Landfill phase VI construction and development for long-term infrastructure, which is unique and different from landfill construction investments in the normal course of operations because the Company is investing in long-term infrastructure over an estimated four year period that will not yield a positive economic benefit until 2023 and extending over approximately 20 years; 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, and replacement costs for equipment due to age or obsolescence.