

WATERCO LIMITED

Half Yearly Report for the Period Ended 31st December 2024

For announcement to the market

		<u>\$A'000</u>
Revenues	up 13.4%	to 134,745
Profit after tax attributable to members	down 15.9%	to 5,872
Dividends	Amount per security	Franked amount per security
Interim dividend	7¢	7¢
Previous corresponding period	7¢	7¢
Date for determining entitlements to the dividend	16 th April 2025	

This half yearly report is to be read in conjunction with the 30th June 2024 annual financial report and any announcements made to the market during the period.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Current period - \$A'000	Previous corresponding period - \$A'000
Revenues	134,745	118,808
Expenses		
Borrowing costs	(2,059)	(1,707)
Other expenses	(124,953)	(107,009)
Profit before tax	7,733	10,092
Income tax (expense)	(1,805)	(3,138)
Profit after tax	5,928	6,954
Net (loss) attributable to non controlling interests	56	(28)
Net profit for the period attributable to members	5,872	6,982
Other Comprehensive income		
Net exchange differences recognised in equity	5,062	(1,202)
Property Revaluation increment	1,143	(160)
Other comprehensive income for the period	6,205	(1,362)
Total comprehensive income attributable to members of the parent entity	12,077	5,620

Earnings per security (EPS)

Basic EPS	16.7c	19.8c
Diluted EPS	16.7c	19.8c

Calculation of Earnings per security (EPS)

	Current Period \$A'000	Previous corresponding Period \$A'000
Net Profit	5,928	6,954
Net (Loss) attributable to non-controlling interests	56	(28)
Earnings used in calculation of basic EPS	5,872	6,982
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	35,166	35,206

Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

Profit attributable to members

	Current period - \$A'000	Previous corresponding period - \$A'000
Profit after tax	5,928	6,954
Less non-controlling interests	56	(28)
Profit after tax, attributable to members	5,872	6,982

Revenue and expenses - See Annexure A

Capitalised outlays		
Interest costs capitalised in asset values	--	--
Outlays capitalised in intangibles (unless arising from an acquisition of a business)	--	--

Movement in Retained Profits

	Current period - \$A'000	Previous corresponding period - \$A'000
Retained profits at the beginning of the financial period	71,999	62,314
Net profit (loss) attributable to members	5,872	6,982
Dividends and other equity distributions paid or payable	(2,813)	(1,758)
Retained profits at end of financial period	75,058	67,538

Intangibles-Impairment/Amortisation

	<i>Consolidated - current period</i>			
	Before tax \$A'000	Related tax \$A'000	Related outside equity interests \$A'000	Amount (after tax) attributable to members \$A'000
Impairment of goodwill	44	--	--	44
Amortisation of other intangibles	--	--	--	--
Total Impairment/ amortisation of intangibles	44	--	--	44

Consolidated Statement of Financial Position

	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets			
Cash	16,052	16,802	21,874
Receivables	45,133	37,584	41,523
Inventories	102,161	94,797	100,666
Other	3,375	3,134	2,628
Total current assets	166,721	152,317	166,691
Non-current assets			
Property, plant and equipment (net)	72,140	69,261	69,855
Right of use assets	29,865	30,326	21,328
Intangibles (net)	1,208	1,269	2,338
Deferred Tax assets	4,574	4,597	5,192
Total non-current assets	107,787	105,453	98,713
Total assets	274,508	257,770	265,404
Current liabilities			
Payables	34,287	28,309	37,738
Contract liabilities	-	-	-
Interest bearing liabilities	11,282	9,033	9,488
Lease liabilities	8,714	7,798	6,996
Current tax liabilities	2,439	1,824	1,918
Provisions exc. tax liabilities	9,457	10,265	10,035
Total current liabilities	66,179	57,229	66,175
Non-current liabilities			
Interest bearing liabilities	40,794	41,114	49,780
Lease liabilities	21,398	22,722	14,274
Deferred tax liabilities	6,523	6,306	7,049
Provisions exc. tax liabilities	401	533	3,100
Total non-current liabilities	69,116	70,695	74,203
Total liabilities	135,295	127,924	140,378
Net assets	139,213	129,846	125,026
Equity			
Issued capital	33,562	33,562	33,595
Reserves	30,224	23,971	23,553
Retained profits	75,058	71,999	67,538
Parent entity interest	138,844	129,532	124,686
Non-controlling interest	369	314	340
Total equity	139,213	129,846	125,026

Consolidated cash flow statement

	Current period \$A'000	Previous corresponding period \$A'000
Cash flows related to operating activities		
Receipts from customers	135,755	119,695
Payments to suppliers and employees	(131,838)	(100,825)
Other Income	390	396
Interest received	39	69
Interest and other costs of finance paid	(2,059)	(1,707)
Income taxes refund/paid	(950)	(2,088)
Net operating cash flows	1,337	15,540
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(2,497)	(1,032)
Payment for intangibles	-	(880)
Proceeds from sale of property, plant and equipment	158	105
Payment for business	-	(54,037)
Proceeds from sale business	-	154
Dividends received	1	1
Net investing cash flows	(2,338)	(55,689)
Cash flows related to financing activities		
Proceeds from issues of shares	-	-
Share buyback	-	(47)
Proceeds from borrowings	5,447	64,608
Repayment of borrowings	(3,519)	(10,037)
Payment of Rou Liabilities	(2,259)	(2,022)
Dividends paid	(2,813)	(1,758)
Net financing cash flows	(3,144)	50,744
Net increase (decrease) in cash held	(4,145)	10,595
Cash at beginning of period (see Reconciliation of cash)	16,802	12,337
Exchange rate adjustments	3,395	(1,058)
Cash at end of period (see Reconciliation of cash)	16,052	21,874

Non-cash financing and investing activities: During the period, the economic entity acquired
a) Plant and equipment amounting to \$nil (2023 \$405,496) by means of finance leases.
b) ROU Property Assets amounting to \$3,755,596 (2023 \$7,981,604) by means of operating leases
These financing activities are not reflected in the Cash flow statement.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the cash flow statement) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period - \$A'000
Cash on hand and at bank	16,052	21,874
Bank overdraft	-	-
Other (commercial bills)	-	-
Total cash at end of period	16,052	21,874

Other notes to the financial statements

Ratios	Current period	Previous corresponding Period
Profit before tax / revenue Profit before tax as a percentage of revenue	5.74%	8.5%
Profit after tax / equity interests Profit after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	4.23%	5.60%

NTA Per Share	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	\$3.92	\$3.49

Dividends

Date shares trade ex-dividend	15th April 2025
Record date to determine entitlements to the dividend	16th April 2025
Date the dividend is payable	2nd May 2025

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend: Current year	7¢	7¢	¢
Previous year	7¢	7¢	¢

The ⁺dividend or distribution plans shown below are in operation.

The Waterco Dividend Reinvestment Plan has been suspended until further notice.

Issued and quoted securities at end of current period

Category of securities	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
Ordinary securities	35,165,942	35,165,942		
Changes during current period				
(a) Increases through issues Waterco DRP	-	-		
(b) Decreases through returns of capital, buybacks	-	-		

Segment reporting - See Annexure B

Review Of Operations - See Annexure C

Compliance statement

- 1 This report has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting.
- 2 This report and the accounts upon which the report is based use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed
- 4 This report is based on accounts which have been subject to review.
- 5 The entity has a formally constituted audit committee.



Soon Sinn Goh
Chief Executive Officer

24th February 2025

Notes

1. **Income tax** Reconciliation of income tax *prima facie* payable on the profit before tax to income tax expense
2. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000 (where stated)
3. **Comparative figures** When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

WATERCO LIMITED AND CONTROLLED ENTITIES

Half Yearly Report for the Period Ended 31 December 2024

ANNEXURE A

REVENUE AND EXPENSES

	Consolidated Group	
	31/12/2024	31/12/2023
	\$000	\$000
Sales revenue	132,391	116,613
Other revenue	2,354	2,195
Changes in inventories of finished goods and work in progress	(6,932)	(24,570)
Raw Materials and consumables used	(62,217)	(35,577)
Employee benefits expense	(28,737)	(24,459)
Depreciation and amortisation expense	(5,875)	(4,915)
Finance costs	(2,059)	(1,707)
Advertising expense	(3,101)	(2,223)
Discounts allowed	-	(204)
Outward freight expense	(3,750)	(3,733)
Rent expense	(863)	(592)
Research and development	(1,633)	(1,033)
Insurance general	(1,101)	(932)
Contracted staff expense	(161)	(130)
Warranty expense	(1,263)	(1,046)
Commission expense	(269)	(170)
Foreign Exchange (Losses)/Gains	(992)	367
Other expenses	(8,060)	(7,792)
Profit before income tax	7,733	10,092
Income tax benefit/(expense)	(1,805)	(3,138)
Profit for the period	5,928	6,954
 Other comprehensive income		
Items that will not be classified subsequently to profit or loss		
Property revaluation increment (net of tax and reversals)	1,143	(160)
Items that maybe reclassified to profit or loss		
Exchange differences on translation of foreign controlled entities	5,062	(1,202)
Other comprehensive income for the period	6,205	(1,362)
Total comprehensive income for the period	12,133	5,592
 Profit attributable to:		
Members of the parent entity	5,872	6,982
Non-controlling interest	56	(28)
	5,928	6,954
 Total comprehensive income for the period attributable to:		
Members of the parent entity	12,077	5,620
Non-controlling interest	56	(28)
Total comprehensive income for the period	12,133	5,592

WATERCO LIMITED AND CONTROLLED ENTITIES

Half Yearly Report for the Period Ended 31st December 2024

ANNEXURE B

OPERATING SEGMENTS

Industry Segments

The economic entity operates predominantly in one industry, being the manufacture and wholesale of swimming pool chemicals, accessories and equipment, manufacture and sale of solar pool heating systems and as a franchisor of swimming pool outlets retailing swimming pool accessories and equipment.

Geographical Segments

2024

	AUSTRALIA & NEW ZEALAND 31/12/2024 \$000	ASIA 31/12/2024 \$000	NORTH AMERICA &EUROPE 31/12/2024 \$000	ELIMINATION 31/12/2024 \$000	CONSOLIDATED GROUP 31/12/2024 \$000
Revenue					
Sales to customers outside the economic entity	109,240	7,709	15,442		132,391
Intersegment sales	5,329	22,326	403	(28,058)	-
Unallocated revenue					
Total revenue	<u>114,569</u>	<u>30,035</u>	<u>15,845</u>	<u>(28,058)</u>	<u>132,391</u>
Segment result	9,439	78	570		10,087
Unallocated expenses net of unallocated revenue					<u>(2,354)</u>
Profit before income tax					7,733
Income tax benefit/(expense)					<u>(1,805)</u>
Profit after income tax					<u>5,928</u>
Segment assets	<u>290,096</u>	<u>92,231</u>	<u>20,627</u>	<u>(128,445)</u>	<u>274,509</u>
Segment liabilities	<u>150,970</u>	<u>48,274</u>	<u>11,663</u>	<u>(75,611)</u>	<u>135,296</u>

2023

	AUSTRALIA & NEW ZEALAND 31/12/2023 \$000	ASIA 31/12/2023 \$000	NORTH AMERICA &EUROPE 31/12/2023 \$000	ELIMINATION 31/12/2023 \$000	CONSOLIDATED GROUP 31/12/2023 \$000
Revenue					
Sales to customers outside the economic entity	97,210	6,707	12,696		116,613
Intersegment sales	4,233	19,588	250	(24,071)	-
Unallocated revenue					
Total revenue	<u>101,443</u>	<u>26,295</u>	<u>12,946</u>	<u>(24,071)</u>	<u>116,613</u>
Segment result	9,652	1,842	794		12,288
Unallocated expenses net of unallocated revenue					<u>(2,196)</u>
Profit before income tax					10,092
Income tax benefit/(expense)					<u>(3,138)</u>
Profit after income tax					<u>6,954</u>
Segment assets	<u>281,228</u>	<u>75,781</u>	<u>17,976</u>	<u>(109,581)</u>	<u>265,404</u>
Segment liabilities	<u>147,251</u>	<u>37,537</u>	<u>12,352</u>	<u>(56,762)</u>	<u>140,378</u>

WATERCO LIMITED AND CONTROLLED ENTITIES

Half Yearly Report for the Period Ended 31st December 2024

ANNEXURE C

REVIEW OF OPERATIONS

GROUP PERFORMANCE

Waterco's financial results for the half year ending 31 December 2024 (HY25) are presented in the following table:

Financial Period Ended	HY25 \$'000	HY24 \$'000	Change %
Operating revenue	134,745	118,808	13%
Sales revenue	132,391	116,613	14%
EBITDA ¹	15,629	16,644	-6%
EBIT ¹	9,754	11,729	-17%
NPBT	7,733	10,092	-23%
NPAT	5,928	6,954	-15%
EPS from operations (cents)	16.7	19.8	-16%

REVENUE AND PROFITABILITY

Total Revenue for the Group for the half year was \$134.7m (HY24: \$118.8m). Despite a challenging external environment, Sales Revenue increased 14% to 132.4m (HY24: \$116.6m) driven by the Group's diversified revenue streams.

Statutory Earnings Before Interest & Tax (EBIT) was \$9.8m (HY24: \$11.7m), with part of the decline (\$1.0m) attributed to foreign exchange translation losses due to the depreciation of the AUD against both the USD and MYR.

The Group reported a Net Profit After Tax of \$5.9m (HY24: \$7.0m).

DIVISIONAL EBIT PERFORMANCE

The breakdown of Statutory EBIT contribution by division is as follows:

Divisional EBIT	HY25 \$'000	HY24 \$'000	Change %
Australia and New Zealand	9,074	9,068	0%
North America and Europe	520	748	-30%
Asia	160	1,913	-92%
Consolidated Reported EBIT	9,754	11,729	-17%

AUSTRALIA AND NEW ZEALAND (ANZ)

ANZ Sales grew 12% to \$109.2m (HY24: \$97.2m). The segment contributed an EBIT of \$9.1m in line with HY24 (\$9.1 million). Strong earnings from the Australian pool division were offset by challenging economic conditions in New Zealand, and seasonal environmental impacts affecting Davey Australia.

Davey Australia is expected to rebound in the second half of FY25, with the Group continuing to leverage synergies from the Davey integration to expand market reach, diversify product offerings, and maximise operational efficiencies.

¹ Waterco discloses certain non-IFRS measures in this Report, that are not audited or reviewed by the Group's auditors. The Directors believe the presentation of non-IFRS financial measures are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying financial performance of Waterco. 'Underlying' metrics are statutory metrics adjusted to exclude pre-tax Foreign Exchange losses/(gains): \$0.99m (HY24: \$(0.37m)), and business acquisition costs: \$Nil (HY24: \$1.06m).

ASIA

The Asia segment experienced challenging market conditions, primarily due to a slowdown in commercial development projects across the region. While Sales increased 15% to \$7.7 (HY24: \$6.7m), EBIT declined to \$0.2 million (HY24: \$1.91 million), largely due to foreign exchange translation losses.

Notwithstanding these challenges, the Group's Malaysia-based manufacturing operations are in the process of insourcing strategic plastic components, previously sourced externally. This initiative has contributed to increased production output. The Group has also acquired additional land in Malaysia to consolidate manufacturing facilities, positioning it for future growth in US and European markets.

NORTH AMERICA AND EUROPE

This segment recorded an increase in Sales of 22% to 15.4m (HY24: \$12.7m), driven primarily by North America. However, the European business faced challenging market conditions and higher inventory availability.

Despite the sales growth, EBIT declined to \$0.5 million (HY24: \$0.7 million), down 29%. With the primary business season in the second half of the financial year, the contribution from North America and Europe is anticipated to improve through the remainder of 2025.

PRODUCT DEVELOPMENT AND WATER TREATMENT

The Group increased Research & Development (R&D) investment by \$0.6m, bringing total R&D expenditure to \$1.6 million (HY24: \$1.0 million). This reflects an ongoing commitment to innovation, durability, and energy efficiency in product development, demonstrating the Group's commitment to the continuous pursuit of reliable solutions for healthy, safe water environments.

Efforts to enhance component cost efficiency and supply chain reliability continue, with plastic component insourcing in Malaysia replacing external suppliers in Asia and Australia. Additionally, the transition of die-cast aluminium production from Thailand to Malaysia is underway, improving supply chain control.

WORKING CAPITAL

Group Working Capital	HY25 \$'000	HY24 \$'000
Inventory	102,161	100,666
Debtors	45,133	41,523
Creditors	(34,287)	(37,738)
Total	113,007	104,451

Working capital increased by \$8.6 million to \$113.0m (HY24: \$104.5m) due to higher sales and initial investment in raw materials to support the strategic insourcing of plastic components. This increase is expected to normalise once full-scale in-house production is achieved.

DIVIDEND AND OUTLOOK

The Board has declared a fully franked interim dividend of 7 cents per share, payable on 2 May 2025.

While first-half performance fell short of expectations, the Group anticipates a stronger second half, supported by seasonal demand and the execution of cost-reduction initiatives.

Given recent fluctuations in the Australian Dollar against the US Dollar and Malaysian Ringgit, the Board expects relative stability in currency movements but has not forecast any appreciation in the Australian Dollar for the remainder of FY25.

WATERCO LIMITED AND CONTROLLED ENTITIES

Half Yearly Report for the Period Ended 31st December 2024

ANNEXURE D Income Tax Expense

	Consolidated Group	
	31/12/2024	31/12/2023
	\$000	\$000
The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Profit before income tax	7,733	10,092
Prima facie tax payable on profit before income tax at 30% (2023: 30%)	2,320	3,028
Add		
Tax effect of:		
• Depreciation of buildings	77	75
• Foreign controlled entities tax losses not tax effected	-	99
• Unrealised foreign exchange losses	911	-
• ROU assets	-	-
• Non deductible expenses	42	17
• Underprovision for tax in prior years	-	344
• Other	16	33
Less		
Tax effect of:		
• Research and development	82	78
• ROU assets	-	-
• Effects of lower rates in overseas countries	49	229
• Unrealised foreign exchange gains	810	124
• Exempt income	-	-
• Overprovision for tax in prior years	410	-
• Reinvestment allowance	-	-
• Foreign controlled entities tax losses not tax effected	210	-
• Other	-	27
Income tax expense attributable to entity	1,805	3,138
The applicable weighted average effective tax rates are as follows:	23%	31%