

Waterco Limited

Appendix 4E

Preliminary Final Report

1. COMPANY DETAILS

Name of entity:	Waterco Limited and its controlled subsidiaries
ABN:	62 002 070 733
Reporting Period:	For the year ended 30 June 2025
Previous Reporting Period:	For the year ended 30 June 2024

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Year ended 30 June 2025 \$'000	Year ended 30 June 2024 \$'000	Change %
Revenue from continuing operations	254,934	244,845	4%
Profit after tax from continuing operations attributable to members	9,571	13,905	-31%
Net profit attributable to members	9,571	13,905	-31%

Underlying results

The table below presents the Group's statutory and underlying financial results for sales and earnings before interest and tax ("EBIT").

	Year ended 30 June 2025 \$'000	Year ended 30 June 2024 \$'000	Change %
Revenue from continuing operations	254,934	244,845	4%
Statutory EBIT	16,746	22,097	-24%
Underlying EBIT	20,649	22,414	-8%

Refer to the Investor Presentation released to the ASX for a reconciliation between statutory and underlying results.

Dividends

	Amount per security	Franked amount per security
2025 interim dividend	7 cents	7 cents
2025 final dividend	8 cents	8 cents

	2025 final dividend
Record date for determining entitlements	30/10/2025
Payment date	14/11/2025

Refer to Section 13 below for commentary on the above figures.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Consolidated Statement of Profit or Loss and Consolidated Statement of Other Comprehensive Income is included in Annexure A.

4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Consolidated Statement of Financial Position is included in Annexure B.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated Statement of Cash Flows is included in Annexure C.

6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Consolidated Statement of Changes in Equity is included in Annexure D.

7. DIVIDEND OR DISTRIBUTION REINVESTMENT PLAN DETAILS

Refer to the dividend details provided above.

On 17 July 2024, the company announced a ninth share buyback of \$1,000,000 worth of shares (approximately 196,078 shares) commencing on 18 July 2024 and ending on 30 June 2025 (or earlier if the \$1,000,000 is purchased before then).

During the current year, the company purchased and cancelled nil shares (2024: 18,825) costing \$nil (2024: \$80,735).

On 15 July 2025, the Company announced its tenth share buyback of \$1,000,000 worth of shares (approximately 144,927 shares) commencing on 16 July 2025 and ending on 30 June 2026 (or earlier if the \$1,000,000 is purchased before then).

The Company's dividend reinvestment plan is suspended during the share buyback period.

On 29 August 2025, Waterco declared a final dividend payment of 8 cents per share, payable to shareholders on 14 November 2025.

8. NET TANGIBLE ASSET BACKING PER ORDINARY SHARE

Refer to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in Annexure A, and the Consolidated Statement in Financial Position in Annexure B.

	30 June 2025	30 June 2024
Net tangible asset/(liability) backing per ordinary security	\$3.94	\$3.66

9. CONTROL GAINED OR LOST OVER ENTITIES IN THE CURRENT PERIOD

There were no entities over which control has been gained or lost during the current period.

10. DETAILS OF AGGREGATE SHARE OF PROFITS (LOSSES) OF ASSOCIATES AND JOINT VENTURE ENTITIES

There were no associates or joint ventures during the current period.

11. FOREIGN ENTITIES

All entities comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

12. STATUS OF AUDIT

The financial information included in this document does not constitute the Group's full financial statements for the year ended 30 June 2025, which will be available on or about 22 September 2025. The financial information included in this document for the year ended 30 June 2025 is unaudited. The financial report is not expected to be subject to a modified audit opinion, emphasis of matter or other matters paragraph.

13. COMMENTARY

Year in review

The year saw Waterco Ltd and its subsidiaries (the Group) consolidate its position in an environment which was marked with challenging macro economic conditions and cost of living pressures in Australia and overseas, with the drought in parts of rural South Eastern Australia particularly impacting growth in the business. This led to a lower growth in sales.

Results for the year included:

- Sales Revenue growth increase of 4.3% to \$249.4 million.
- EBIT decrease from \$22.1 million to \$16.7 million, but with underlying EBIT decrease significantly less from \$22.4 million to \$20.6 million assisted by Davey integration synergies.
- NPAT decrease of 31% to \$9.6 million.
- EPS of 27.2 cents, down 31%.
- Total declared dividend to be maintained at 15 cents per share fully franked, supported by a sustainable outlook, representing a payout ratio of 55% of profits.
- The Group continued to focus on working capital management. Net debt was reduced by \$8.0m, from \$32.9m at 30 June 2024 to \$24.9m at 30 June 2025.

The lower EBIT was driven by one-off restructuring costs of \$1.4m, and a weaker Australian Dollar which impacted both input costs and contributed to \$2.5m of foreign exchange translation losses on intra-group loan and trading balances. FY25 also saw weakness in new pool builds across NSW and Victoria.

Excluding the restructuring costs and foreign exchange translation loss, the Group's underlying EBIT was more resilient decreasing by 8% from \$22.4 million to \$20.6 million.

Going forward, volatility in foreign exchange translation fluctuations on intra-group transactions should be substantially reduced as a result of restructuring of the Group's treasury operations which was implemented by financial year end.

Our Swimart Division had its best result in terms of retail sales and purchases from Waterco. This was despite interest rates staying high and cost of living pressures not abating. Additionally, we are now seeing the realisation of our strategy of independent store conversions, having increased 3 stores (and closed one). We continue to focus on additional conversions during FY26 as a core part of our growth strategy.

Significant growth opportunities in Australia and overseas were also identified across both pump and filtration product ranges that are anticipated to be realised both through organic growth and strategic partnerships. We see growth opportunities for the Group in the Middle East as well. Building on our existing footprint in that region the Group established a subsidiary in the UAE which should allow us to capture growth from the region's economic development.

Improved synergies were also realised through the further integration of the Davey Water Products business within the Group. One-off expenses were incurred during the year with a view to improving efficiencies in the integrated Waterco/Davey operations with cost reduction benefits likely to flow through FY26. Closure of warehouses and storage optimisation is in progress which will help reduce overheads. Further margin improvements are expected to be realised by bringing outsourced plastics moulding in-house into the Malaysian facilities. The Company will continue to focus on managing costs to support underlying EBIT.

In the coming year we look forward to continued growth in end-to-end water solutions through integrated sales of pumps and filters. Sales of chemicals in both the pool division and new chemical ranges in sanitisation in the community sector should help drive growth. We will also continue to invest in product innovation and are excited about the intended roll out of our IoT solution for the pool division which should provide for a more integrated water treatment solution and enhanced user experience.

With these opportunities in mind the Group has commenced to increase its manufacturing capacity through the acquisition of land upon which construction of the new plant will commence in FY26.

The Company is confident of improved profitability in the future and, therefore, is expected to maintain the payout on dividends.

Divisional EBIT performance

The breakdown of EBIT contribution by division is as follows:

	FY25	FY24	
DIVISIONAL EBIT	(\$000)	(\$000)	% Change
Australia and New Zealand	13,039	14,815	-12%
North America and Europe	4,564	3,216	42%
Asia	(857)	4,066	-121%
Consolidated Reported EBIT	16,746	22,097	-24%

Refer to the accompanying Waterco FY25 Results Presentation released to the ASX.

AUSTRALIA AND NEW ZEALAND (ANZ)

The Australia and New Zealand (ANZ) Division derives its revenue predominantly from the domestic swimming pool industry and the rural sector through the Davey Business. In this market, the Group offers a wide range of products, including chemicals for both rural and swimming pool water treatment. The Group also owns the Swimart franchise, which features 68 pool stores and 6 mobiles in Australia and New Zealand. The Swimart franchise not only provides the Group with franchise fee revenue, but importantly, provides a distribution platform to sell pool products. The success of these stores is built on more than four decades of experience, during which the Group has developed an extremely good understanding of the factors that drive consumer demand in the after-market. Franchise partners benefit from a programme that has been developed and improved on in-house since 1983, when the first company-owned pool shop was opened in Sydney. This has since grown into the successful Swimart franchising retail system.

Davey does the majority of its distribution through its highly successful and extensive Authorised Dealer Network, with a strong presence in Regional Australia that normally would be expensive to service from the metropolitan cities.

As has been well documented, this year presented some challenges for the ANZ Market with operating costs continuing to rise (wages, local freight and energy costs), interest rates that continue to stay high despite many predictions of rates cuts and a weaker Australian Dollar combining to put pressure on margins for many businesses. However, with improvements in sourcing of stock and better management of logistics costs (despite the tensions in Europe and the Middle East), the Group (excluding Davey) has managed to achieve a reduction of 4% or \$2.1m in inventory in FY25.

NORTH AMERICA AND EUROPE

Waterco North America and Europe comprises the Group's operations in the USA, Canada, UK and France.

EBIT improved contribution margins allowed for an increase in EBIT of \$1.3m. In view of the impact of tariffs in the US during the year and macro challenges in Europe, this was a good result. Having said this, Group revenue exposure to the US market is \$20.4m. The Company will continue to monitor and assess the US tariff landscape.

Overall, the performance is pleasing given the competitive market and cost of living pressures across Europe as well.

ASIA

The group sells products to distributors in Malaysia and across Asia. Waterco Fear East Sdn Bhd (WFE) was born out of Waterco's familiarity of this market. WFE was initially a sales operation designed to service Waterco Australia's Southeast Asian customer base. In 1991 WFE added manufacturing operations to its undertakings in Kuala Lumpur, Malaysia. As well as bringing the Group closer to Southeast Asia markets, this also gave cost-efficiency in our manufacturing operations. Since then, WFE has become the principal manufacturing facility for the Waterco Group. WFE continues to deliver robust new products to give the Group a strong reputation and competitive edge.

WFE is ISO9001:2008 certified, the internationally recognised standard for the quality management of businesses, and demonstrates commitment of an effective and well-designed quality management.

The result for the region, however, was a decrease in EBIT of \$4.9m largely due to foreign exchange translation losses on intercompany balances from the strengthening of the Malaysian Ringgit during the year. Profitability was also impacted by plateauing demand in Malaysia for WFE's traditional products.

However, we see opportunities (particularly in Malaysia) for bringing water solutions to the commercial sector and offering more Davey product to the market.

As mentioned, with growth opportunities across the broader Group, WFE's production capacity will increase from the acquisition of a site during the year upon which construction of a new plant will commence in FY26.

PRODUCT DEVELOPMENT

The Group is committed to staying at the forefront of the industry through continuous investment in product innovation and research and development (R&D).

In recent years, the Group has made significant progress in developing new technologies for swimming pools. The company's latest innovation is an IoT platform that enables homeowners and pool service technicians to obtain essential data about swimming pools remotely.

The IoT platform was developed by a team of specialized software engineers and cloud architects over the past four years. It includes a WiFi board that can be customized and adapted to different equipment, new production tools, a robust device registry, and digital tools that simulate production and real-world use.

The IoT platform secures device connections and data with mutual authentication and end-to-end encryption. It also includes manufacturing and inventory tools to allow for device commissioning, lifecycle management, unique configuration, and QA processes during firmware deployment. This should improve pool management, reduce operating costs, and enhance the customer experience. The platform will be released in FY26.

The company's continued investment in product innovation and R&D, as well as its expansion into new markets, is a testament to Waterco's commitment to providing customers with the best possible water treatment solutions.

14. SIGNED

1. This report has been prepared in accordance with the Corporations Act 2001 including complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001.
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 are in the process of being audited.
5. The entity has a formally constituted audit committee.



Soon Sinn Goh
Chief Executive Officer

29 August 2025

Annexure A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 June 2025

	2025	2024
	\$000	\$000
Continuing Operations		
Revenues	254,934	244,845
Changes in inventories of finished goods and work in progress	1,618	(17,955)
Raw materials and consumables used	(131,012)	(106,577)
Employee benefits expense	(55,684)	(50,028)
Depreciation and amortisation expense	(12,532)	(11,331)
Finance costs	(4,631)	(3,930)
Advertising expense	(5,685)	(5,105)
Outward freight expense	(6,945)	(7,830)
Rent expense	(1,933)	(1,427)
Research and development	(2,907)	(2,178)
Insurance – general	(2,136)	(2,018)
Warranty expense	(2,368)	(1,059)
Commission expense	(493)	(413)
Foreign Exchange (losses) / gains	(2,487)	991
Other expenses	(15,547)	(17,683)
Profit before income tax expense	12,192	18,302
Income tax expense	(2,561)	(4,451)
Profit for the year	9,631	13,851
Other comprehensive income		
Items that will not be classified subsequently to profit or loss		
Property revaluation increment (net of tax)	1,582	(64)
Items that maybe reclassified to profit or loss		
Exchange translation differences	6,787	(903)
Share options expense	73	30
Other comprehensive income for the year	8,442	(937)
Total comprehensive income for the year	18,073	12,914
Profit attributable to:		
Members of the parent entity	9,571	13,905
Non-controlling interest	60	(54)
	9,631	13,851
Total comprehensive income for the year		
Members of the parent entity	18,013	12,968
Non-controlling interest	60	(54)
Total comprehensive income for the year	18,073	12,914
Earnings per share		
Basic earnings per share (cents per share)	27.2	39.5
Diluted earnings per share (cents per share)	27.2	39.5

Annexure B

Consolidated Statement of Financial Position

As at 30 June 2025

	2025 \$000	2024 \$000
ASSETS		
Current Assets		
Cash and cash equivalents	24,522	16,802
Trade and other receivables	33,466	37,584
Inventories	92,661	94,797
Other current assets	6,607	4,540
Total Current Assets	157,256	153,723
Non-Current Assets		
Property, plant & equipment	71,583	69,261
Right of use assets	31,475	30,326
Intangible assets	1,173	1,269
Deferred tax assets	2,756	4,597
Total Non-Current Assets	106,987	105,453
Total Assets	264,243	259,176
LIABILITIES		
Current Liabilities		
Trade and other payables	25,965	29,715
Borrowings	7,200	8,974
Lease liabilities	8,474	8,328
Current tax liabilities	1,549	1,824
Provisions	7,944	10,265
Total Current Liabilities	51,132	59,106
Non-Current Liabilities		
Borrowings	42,025	40,806
Lease liabilities	24,653	22,579
Deferred tax liabilities	3,311	6,306
Provisions	479	533
Total Non-Current Liabilities	70,468	70,224
Total Liabilities	121,600	129,330
Net Assets	142,643	129,846
EQUITY		
Issued capital	33,562	33,562
Reserves	32,412	23,971
Retained earnings	76,295	71,999
Parent interest	142,269	129,532
Non-controlling interest	374	314
Total Equity	142,643	129,846

Annexure C

Consolidated Statement of Cash Flows

For The Year Ended 30 June 2025

	2025 \$000	2024 \$000
Cash Flows from Operating Activities		
Receipts from customers	276,800	253,363
Payments to suppliers and employees	(249,446)	(222,558)
Interest received	77	135
Other Income	995	1,268
Finance costs	(3,287)	(3,930)
Income tax paid	(3,991)	(3,780)
Net cash provided by operating activities	21,148	24,498
Cash Flows from Investing Activities		
Dividend received	-	1
Payment for property, plant & equipment	(3,041)	(2,337)
Payment for business	-	(54,376)
Proceeds from sale of business	-	154
Proceeds from sale of property, plant & equipment	216	350
Net cash (used in)/provided by investing activities	(2,825)	(56,208)
Cash Flows from Financing Activities		
Proceeds from bank borrowings	6,623	63,788
Repayment of bank borrowings	(8,066)	(18,274)
Share buyback	-	(81)
Payment of right of use liabilities	(4,564)	(3,567)
Payment of lease liabilities	(291)	(62)
Dividends paid	(5,275)	(4,220)
Dividends paid-outside interests		
Net cash (used in) financing activities	(11,573)	37,584
Net increase in cash held	6,750	5,874
Cash at beginning of the year	16,802	12,337
Effects of exchange rate changes on balance of cash held in foreign currencies	970	(1,409)
Cash and cash equivalents the end of the year	24,522	16,802

Annexure D

Consolidated Statement of Changes in Equity

For The Year Ended 30 June 2025

	Ordinary Shares	Retained Earnings	Capital Profits Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Share Options Reserve	Non- Controlling Interests	Total
Consolidated Group	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 30 June 2023	33,643	62,314	211	30,689	(6,017)	26	368	121,234
Comprehensive income								
Profit/(loss) for the year	-	13,905	-	-	-	-	(54)	13,851
Other comprehensive Income/(loss) for the year	-	-	-	(64)	(904)	-	-	(938)
Total comprehensive income for the year	-	13,905	-	(64)	(904)	30	(54)	12,913
Transactions with owners, in their capacity as owners and other transfers								
Cancellation of shares under Waterco Share Buyback	(81)	-	-	-	-	-	-	(81)
Dividends paid	-	(4,220)	-	-	-	-	-	(4,220)
Total transactions with owners and other transfers	(81)	(4,220)	-	-	-	-	-	(4,301)
Balance at 30 June 2024	33,562	71,999	211	30,625	(6,921)	56	314	129,846
Comprehensive income								
Profit/(loss) for the year	-	9,571	-	-	-	-	60	9,631
Other comprehensive Income/(loss) for the year ^{Note 1}	-	-	-	1,582	6,787	73	-	8,442
Total comprehensive income for the year	-	9,571	-	1,582	6,787	73	60	18,073
Transactions with owners, in their capacity as owners and other transfers								
Cancellation of shares under Waterco Share Buyback	-	-	-	-	-	-	-	-
Dividends paid	-	(5,275)	-	-	-	-	-	(5,275)
Total transactions with owners and other transfers	-	(5,275)	-	-	-	-	-	(5,275)
Balance at 30 June 2025	33,562	76,295	211	32,207	(134)	129	374	142,643

Note 1 - During the year, \$2.1m of foreign exchange translation gains on monetary accounts was transferred from the Foreign Currency Translation Reserve to Foreign Exchange (Losses)/Gains in the Consolidated Statement of Profit or Loss and Other Comprehensive Income