

2024
**ANNUAL
REPORT**

Waterco pioneers reliable solutions for healthy, safe water environments.



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Company Profile



Waterco pioneers reliable solutions for healthy, safe water environments, which are used in residential, commercial and industrial applications in over 40 countries.

Established in 1981, it has since become a global brand recognised for designing and manufacturing filtration and sanitisation innovations for the swimming pool, spa, aquaculture, and water purification sectors.

- 1. CANADA**
Boucherville,
Sales and Distribution.
- 2. USA**
Augusta, Warehousing,
Sales and Distribution
- 3. UK**
Kent, Warehousing,
Sales and Distribution
- 4. MALAYSIA**
Kuala Lumpur,
Research and Development,
Manufacturing, Warehousing,
Sales and Distribution
- 5. SINGAPORE**
Sales and Distribution
- 6. INDONESIA**
Jakarta Warehousing, Sales
and Distribution
- 7. AUSTRALIA**
Sydney(Head Office),
Brisbane, Melbourne,
Adelaide, Perth Research and
Development, Warehousing,
Sales and Distribution
- 8. NEW ZEALAND**
Auckland Warehousing, Sales
and Distribution
- 9. CHINA**
Guangzhou Chemical
Packing, Warehousing, Sales
and Distribution Research and
Development
- 10. VIETNAM**
Sales and Distribution



WATERCO

water, the liquid of life

Waterco’s advanced filtration and sanitisation solutions, backed by strong engineering capabilities and robust manufacturing, have established our leadership in the water treatment industry, particularly in high-demand commercial applications requiring consistent reliability and superior performance.

With a dedicated research and development team, Waterco has developed an award-winning range of products. Our efficient manufacturing processes, including cutting-edge fibreglass winding and innovative plastic moulding techniques, enable us to deliver high-quality solutions at exceptional value.



DAVEY

Davey is Australia’s leading manufacturer of residential and commercial pumps, with a proud legacy spanning 90 years. Founded in Australia, Davey has earned a trusted reputation for delivering reliable, high-quality products. The brand is also well-known for its long-standing, multi-generational relationships with Australian dealers, further solidifying its position as a dependable partner in the industry. Traditionally focused on domestic water pumping, water treatment, and swimming pool & spa markets, Davey has expanded its product portfolio in recent years to encompass commercial pumping, irrigation, and commercial pool markets, broadening its reach and impact.



Swimart

Pool care made easy!

Swimart is a market leading brand in the pool care industry across Australia and New Zealand with over 40 years experience. Swimart is focused on making pool care easy, with 66 retail stores and 6 mobile franchises across Australia and New Zealand. Swimart provides its customers a great range, service and advice through its highly trained and experienced technicians focused on their pool care needs through its fleet of over 250 Swimart service vans.



Group Consolidated Financial Highlights



Financial Year Ended	2024	2023	2022	2021	2020
Operating revenue (\$ million)	244.85	134.00	128.14	118.38	98.47
Sales revenue (\$ million)	239.09	129.05	123.28	113.35	93.58
Earnings Before Interest and Tax (EBIT) (\$ million) from continuing operations	22.10	14.50	15.17	9.40	4.83
Earnings Before Interest and Tax (EBIT) (\$ million) from discontinued operations	-	-	-	-	17.92
EBIT (continuing operations) / Sales Revenue	9.2%	11.2%	12.3%	8.3%	5.2%
Profit before income tax from continuing operations (\$ million)	18.30	13.85	14.87	9.06	3.90
Profit/(loss) before income tax from discontinued operations (\$ million)	-	-	-	-	17.92
Net profit after tax (\$ million)	13.85	10.80	11.57	12.70	17.56
Total assets (\$ million)	257.77	167.95	157.65	135.40	146.21
Equity (\$ million)	129.85	121.23	111.01	100.45	87.26
Basic Earnings per share from continuing and discontinued operations	39.5 cents	30.7 cents	32.7 cents	35.6 cents	48.8 cents
Basic Earnings per share from continuing operations	39.5 cents	30.7 cents	32.7 cents	35.6 cents	8.6 cents
Basic Earnings per share from discontinued operations	-	-	-	-	40.2 cents
Dividends per share (Interim and Final)	15.0 cents	10.0 cents	8.0 cents	7.0 cents	5.0 cents
Net Tangible Assets per share	\$3.66	\$3.41	\$3.10	\$2.78	\$2.43
Year-end share price	\$5.36	\$4.00	\$3.60	\$2.90	\$2.55

Chief Executive Officer's Review Of Operations



SOON SINN GOH
Chairman/Group CEO

YEAR IN REVIEW

It has been a transformational year for the Group, marked by several significant milestones that have positioned us for sustained growth and long-term success. The acquisition of Davey Water Products has been a catalyst for this transformation, significantly increasing both our revenue and earnings potential. While we have a strong legacy of organic growth, the strategic addition of Davey marks a powerful expansion that has further solidified our financial position.

Key highlights for the year include:

- Strategic acquisition of Davey Water Products with successful integration post acquisition.
- Improved earnings profile driven by expected revenue and cost synergies from combined Group.
- Sales Revenue growth of 85% to \$239.1 million, including ten (10) months of Davey contribution.
- EBIT increased by 52% to \$22.1 million.
- NPAT rose 28% to \$13.9 million.
- EPS of 39.5 cents, up 29%.
- Total declared dividend increased 50% to 15 cents per share fully franked supported by a positive outlook and successful integration of Davey.

Davey Acquisition

The acquisition of Davey from GUD Holdings has proven to be a strategic success, strengthening our position in key markets. Waterco is a recognised leader in pool systems, filtration, and water treatment, while Davey holds a dominant position in the manufacture of residential and commercial pumps across Australia. Together, we have created a more diversified group with complementary product strengths, unlocking synergies that extend our market reach, enhance revenue streams, and improve margins.

Looking ahead, the integration of Davey is expected to continue delivering positive outcomes, with further improvements in market penetration and operational efficiency. We are confident that this acquisition positions us well for sustained long-term growth.

Chief Executive Officer's Review Of Operations (continued)

REVENUE AND PROFITABILITY

Waterco Limited (The Group) is pleased to report an increase in Sales for the year of 85% from \$129.05m to \$239.09m.

Net Profit Before Tax (NPBT) increased 32% from \$13.85m to \$18.30m while Earnings Before Interest and Tax (EBIT) increased 52% from \$14.5m to \$22.10m

A key driver for improvement in sales and profit was the integration of 10 months of Davey into the Group. However, a weaker Australian Dollar and increase in input costs (mainly wages, freight and energy costs) resulted in lower margins and higher overheads across the Waterco Core Business YoY. With the inclusion of Davey (whose main market is ANZ), the Australian and New Zealand Division, which accounts for a major portion of the Group's profitability and sales, registered a material increase in EBIT of 192%.

Our Swimart Division met expectations despite an increase in operating expenses in the current year. Retail sales across the Swimart Franchise Network continued to grow despite interest rates staying high and cost of living pressures. Additionally, we are starting to see momentum in independent store conversion opportunities to the Swimart family and are confident of further growth in that area.

DIVISIONAL EBIT PERFORMANCE

The breakdown of EBIT contribution by division is as follows:

	FY24	FY23	
DIVISIONAL EBIT	(\$000)	(\$000)	% Change
Australia and New Zealand	14,872	5,090	+192%
North America and Europe	3,216	2,950	+9%
Asia	4,009	6,458	-38%
Consolidated Reported EBIT	22,097	14,498	+52%





Swimart expands in NZ with Paramount Pools



This year, Swimart has partnered with Paramount Pools in New Zealand.

Paramount will be converting another two locations to Swimart, which will add to Swimart's existing four retail stores and two mobile operations in New Zealand. Paramount has two other outlets under a different ownership structure which are not converting at this stage.

Swimart Frenchs Forest wins best pool location



Swimart Frenchs Forest has been awarded the prestigious SPASA Gold Award for Best Single Pool Location in Australia for 2024. This recognition is a testament to the exceptional service, expertise, and commitment to customer satisfaction demonstrated by the entire team at Swimart Frenchs Forest.

AUSTRALIA AND NEW ZEALAND (ANZ)

The Australia and New Zealand (ANZ) Division now derives its revenue predominantly from the domestic swimming pool industry and the rural sector with the acquisition of 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 66 pool stores and 6 mobiles in Australia and New Zealand. The success of these stores is built on more than three 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.

Steady growth in market share across the board has underpinned the Division's performance.

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 booking shipping lines (despite the tensions in Europe and the Middle East), the Group (excluding Davey) has managed to achieve a reduction of 4% or \$2m in inventory in FY24. We are also buoyed by the ongoing savings being realised as we look to finalise the Davey Integration.

NORTH AMERICA AND EUROPE

Waterco North America and Europe comprises the Group's operations in the USA, Canada, UK and France with the addition of the Davey Business

This division recorded an increase in external sales of 37.6% YoY with the addition of Davey France to the sector.

The North America and Europe Division recorded a healthy 9% increase in EBIT. However, even though margins are still under pressure and input costs rising, the division continues to make good progress in winning incremental market share.

Future growth will be accelerated with the addition of the Davey Brand.

Waterco USA (WUSA): The US market is the largest in the world. The Group has invested significantly in this market, through start-up operations, as well as a substantial acquisition of Baker Hydro in March 2005. Our operations in Augusta, Georgia, now distribute a wide range of filters and assemble commercial pumps.

In June 2020, Waterco USA opened a small branch in Canada (Distribution Waterco Canada or DWC) to service its local customer base.

Overall, this entity recorded an outstanding increase in sales of 9% during the year under review despite the number of new pool constructions continuing to fall during the year and cost of living pressures impacting on the US Market.

Waterco Europe (WEL): Waterco started operations in the UK in 1999 and subsequently acquired the business of Lacron Ltd in 2003. The renowned “Lacron” name is synonymous with quality filters and, coupled with Waterco’s established progressive manufacturing techniques, this has enabled WEL to bring to the market filters of quality at acceptable prices. Today, both Lacron and Waterco brands are well-recognised as quality products in Europe. This recognition continues, after manufacturing operations were transferred to Malaysia and China, because the same high standards were maintained.

Waterco Europe recorded an increase in sales of 12% during the year despite a fall in the number new pools being built and increased cost of living pressures on consumers. The company’s margins were under pressure as the company recovered the drop in sales of FY23. This Entity continues to reinforce its interest in commercial filters of high pressure ratings developed for water treatment, in particular, as pre-filtration for seawater desalination. The Group’s ability to manufacture filters of such pressure ratings from composites provides an opportunity to enhance our presence in a market that has traditionally used steel to cope with such pressures.

ASIA

Waterco Far East in Malaysia (WFE): This Entity was born out of Waterco’s familiarity with the Southeast Asian 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.

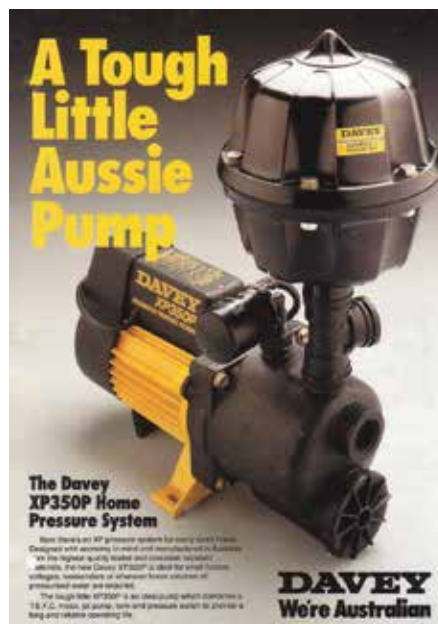
WFE has achieved ISO9001:2008 certification, the internationally recognised standard for the quality management of businesses, and demonstrates the existence of an effective and well-designed quality management

Zane celebrates 50 years



Zane Solar Systems, which celebrated its 50th anniversary this year, consists of a 38-strong dealer network throughout Australia. These highly skilled and trained professionals install solar, heat pump and gas pool heating systems for both domestic and commercial applications using Zane’s Gulfstream and Gulfpanel solar absorber, Electroheat pool heat pumps and Turbotemp gas pool heaters.

Davey celebrates 90 years



Founded in 1934 by Frank W. Davey — an auto-electrical engineer who opened a small shop in Victoria with a staff of five — Davey has become an iconic Australian brand best known for engineering and manufacturing dependable equipment relied upon in challenging conditions. Celebrating 90 years of business is a significant milestone for Davey as it marks nearly a century of ingenuity, enthusiasm, resilience, and innovation.

LiqTech wins product of the year



As the exclusive distributor of LiqTech advanced silicon carbide filtration systems across Australia, New Zealand, Papua New Guinea, and the Pacific Islands, Waterco continues to solidify its commitment to environmental sustainability.

LiqTech's pioneering system has received widespread industry recognition, recently receiving both Product of the Year and Innovative Product Gold Medals from the Swimming Pool and Spa Association (SPASA).

Pool industry awards



Waterco continues to strengthen its technological and sustainability credentials by taking home 22 GOLD medals at the 2024 SPASA Awards of Excellence. The award-winners included LiqTech; the eco-friendly EnviroPro Dual Filtration System and Waterco South Australia's sales team.

system, which stands up to the rigours of an independent external audit. A key criterion of this standard is that the management system can provide confidence in creating products that meet expectations and requirements.

Local sales in Malaysia fell by 22% in the current year (reversing most of the FY23 Gains) with continuing political uncertainty and cost pressures faced by the business especially with the availability of foreign labour which has not returned to Pre-Covid 19 Levels. The growth in the use of robots (still at a relatively small scale) in the manufacturing process has kept these wage increases to a moderate level. The Entity's capacity has been increased during the year and will lead to greater efficiencies in the business and improved financial performance in future years.

Both external demand (main source of the company's business) and weaker domestic demand have impacted on the profitability of the business in FY24. However, this has been offset to some degree by continued improved efficiencies and reduced wastage.

The Group is also expanding its global footprint. In 2023, the company opened a branch in Vietnam to tap into the growing demand for its products.

Vietnam has seen a rapid growth in its middle class in recent years, and this has led to an increased demand for luxury goods and services, including swimming pools. The country is also a popular tourist destination, and many hotels and resorts are investing in swimming pools to attract visitors.

The Group believes that there is a significant opportunity for growth in the Vietnamese market. The company's decision to open a branch in Vietnam is a strategic move that will help Waterco to better serve its customers in the region.

Waterco Guangzhou (WGZ): Commenced operations in 2000, delivering advantages of low operational costs and a foothold into the huge China market. The manufacturing of filters primarily for the European and the Australian markets has been relocated to Malaysia, leaving this entity to focus on the development of commercial heat pumps and to improve marketing of pool equipment to the commercial pool market in China. External sales for the current year were down 10% on last year with continuing the economic challenges facing the Country with a further decline in the Construction Industry, general slow-down in consumption and growth across the Country and unemployment (especially among the youth) increasing.

Waterco International in Singapore (WI): This Entity focuses on sales in Asian countries, other than Malaysia and China, where we have our own trading entities. WI also provides technical assistance to our Indonesian entity and has been able to contribute to the growth of the latter. WI achieved a small drop of 5% in external sales reflecting weaker overall demand in the region.

PRODUCT DEVELOPMENT AND MARKET EXPANSION

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.

The Group expects the IoT platform to improve pool management, reduce operating costs, and enhance the customer experience.

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.

DIVIDEND AND OUTLOOK

The results (Net Profit After Tax of \$13.851m) was 28% above last year

	FY24	FY23	% change
NET PROFIT FOR THE YEAR (AFTER TAX)	(\$000)	(\$000)	
Profit before income tax expense	18,302	13,853	+32%
Income tax expense/ (benefit)	4,451	3,048	
Net Profit for the year	13,851	10,805	+28%

Waterco's new IoT-connected heat pumps



Waterco's IoT connected heat pumps offer pool owners enhanced control, efficiency, and convenience for their swimming pools. By leveraging the power of technology, Waterco continues to invest in IoT-connected swimming pool products, ensuring a seamless and smart swimming experience for our customers. Waterco's roadmap for connected products includes expansion of its range of IoT-enabled devices and integrating them into a comprehensive ecosystem for pool management.

The Board will provide a profit guidance at a later stage for the financial year ending 30 June 2025, as more information becomes available.

Waterco declares a final dividend payment of 8 cents per share, payable to shareholders on 15 November 2024. With an interim dividend of 7 cents per share, declared after the announcement of the Half-Year results, this brings the total dividend for year to 15 cents per share compared with 10 cents in the previous financial year.

EVENTS AFTER BALANCE DATE

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).

On 28 August 2024, Waterco declared a final dividend payment of 8 cents per share, payable to shareholders on 15 November 2024.

There were no other post Balance Date Events.

Board of Directors



SOON SINN GOH - B COM FCPA
Chairman/Group CEO

Mr. Goh is the founder of Waterco Limited. He has been a member of the Board since the Company's incorporation in February 1981. Prior to the inception of Waterco, he was the Managing Director of a company specialising in the construction of water and sewage treatment facilities. His accounting and financial management academic training combined with understanding of the technical aspects of the water treatment industry is an important contributing factor to the success of Waterco.

He held no other listed company directorships during the past three financial years.



BRYAN GOH - B ECON
Executive Director/Chief Operating Officer

Mr. Goh was appointed to the Board in June 2010.

As the Chief Operating Officer, Mr. Goh has overall responsibility for the business operations in Australia and New Zealand.

Mr. Goh was on the board of directors of The Swimming Pool & Spa Association of New South Wales Ltd (from February 2005 to February 2009), a non-profit organisation dedicated to maintaining and improving standards within the industry for the betterment of consumers, pool builders and suppliers.

He held no other listed company directorships during the past three financial years.



BEN HUNT - PHD (ANU)
Non-Executive Director

Dr. Hunt was appointed to the Board as a Non-Executive Director in June 1998. He has held academic appointments as the Head of the Graduate School of Business, Associate Dean of the Faculty of Business and Associate Professor of Finance at the University of Technology, Sydney (UTS).

He has a doctorate from the Australian National University. Although Dr. Hunt has written extensively on Australian financial markets (he is the co-author of the text *Australian Institutions and Markets*, 8th Ed.), his knowledge extends to the South East Asian region. He has been a regular presenter of financial seminars in Hong Kong and Singapore for the UK publishing and training company Euromoney.

Dr. Hunt is the Chairman of the Remuneration Committee and a member of the Audit Committee.

He held no other listed company directorships during the past three financial years.

Board of Directors



(RICHARD) CHENG FAH LING - B COM CA
Non-Executive Director

Mr. Ling was appointed to the Board as a Non-Executive Director in May 2009. He holds a Bachelor of Commerce degree from the University of Newcastle, Australia. He is a member of Chartered Accountants Australia and New Zealand and the Malaysian Institute of Accountants. He has experience in total logistics and corporate finance in capital markets. Mr. Ling was formerly a Non-Executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of Tiong Nam Logistics Holdings Berhad, a public company listed on Bursa Malaysia (Malaysian Stock Exchange).

Mr. Ling was the Chairman of the Audit Committee and a member of the Remuneration Committee of Waterco Limited up to 25 October 2023.

He held no other listed company directorships during the past three financial years.

Mr Ling resigned as a director on 25 October 2023 at the conclusion of the 2023 Annual General Meeting.



JUDY RAPER AM, BE (Hons), PHD, FATSE, FAICD, FIE(Aust), MIET.
Non-Executive Director

Professor Raper was appointed to the Board as a Non-Executive Director in April 2020. She holds a Bachelor of Engineering (Hons) and has a doctorate from The University of New South Wales. She has held several academic and non-academic appointments in Australia, the United States and the UK as the Dean of Engineering at the University of Sydney, Head of Chemical & Biological Engineering at University of Missouri in United States, Division Director of Chemical, Bioengineering, Environmental Engineering and Transport Systems at the National Science Foundation in United States and Deputy Vice-Chancellor (Research & Innovation) at the University of Wollongong. Her last appointment was Dean and Chief Executive Officer of TEDI- London responsible for the development of a new start-up Engineering Institution (from 2019 to 2023).

Professor Raper is a Fellow of the Australian Academy of Technology, a fellow of the Australian Institute of Company Directors and an Honorary Fellow of Engineers Australia.

Professor Raper is a member of the Remuneration Committee and the Audit Committee of Waterco Limited.

She held no other listed company directorships during the past three financial years.



WAYNE BEAUMAN BE, CA, GAICD
Non-Executive Director

Mr Beauman was appointed to the Board as Non-Executive Director on 21 July 2023. He has a Bachelor of Economics from Macquarie University. He is an Associate of Chartered Accountants Australia and New Zealand and a graduate of the Australian Institute of Company Directors.

Mr Beauman is an experienced finance professional with more than 25 years as a Partner in Chartered Accounting firms. He has provided assurance and related services to clients with national and international operations across a broad range of industries including manufacturing, real estate and property development, mining, retail, financial services and local government. He is highly skilled in financial data analysis and reporting as well as advising Executive Management and Corporate Boards on governance and regulatory reporting requirements.

Mr Beauman is the Chairman of the Audit Committee (from 25 October 2023) and a member of the Remuneration Committee.

He held no other listed company directorships during the past three years.

Statement of Corporate Governance Practices

This statement explains how Waterco Limited ACN 002 070 733 (**Waterco** or **Company**) has complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – 4th Edition, published February 2019 (**ASX Recommendations**), during the financial year ended 30 June 2024 (**Reporting Period**).

All Waterco charter, codes and policy documents referred to in this statement are available in the Corporate Governance section of the Company's website, www.waterco.com.au

This statement has been adopted by the Board as current as of 28 August 2024.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

RECOMMENDATION	WATERCO'S COMPLIANCE WITH ASX RECOMMENDATIONS
1.1 Role of Board and management	<p>The Board Charter sets out the roles and responsibilities of the Board. The Board is ultimately responsible for the growth, strategic direction and success of the Company and has set out specific matters reserved for its decision and matters delegated to the management.</p> <p>The Board Charter is available in the Corporate Governance section of the Company's website, www.waterco.com.au</p>
1.2 Information regarding election and re-election of director candidates	<p>The Company has in place a policy for nomination and appointment of directors. Before appointing a director, the Company undertakes appropriate checks on a candidate for directorship and will provide all material information in its possession to its shareholders to make a decision on whether or not to elect or re-elect a director.</p> <p>When considering the re-election of an incumbent director or election of a new director, the Board takes into account the following:</p> <ol style="list-style-type: none">business experience, particularly in respect of the industries in which the company operates;standing in the community;education and qualification;experience in environmental suitabilitychecks against the person's character, criminal record and bankruptcy history;availability and other directorships;the possession of particular skills such as finance, marketing or risk management;whether the appointment or re-appointment will contribute positively to the skill set and diversity of the Board as a whole;
1.3 Written appointment	<p>In addition to being set out in the Board Charter, the letters of appointment executed with all directors describe the key duties and responsibilities of each member of the Board, and further include the terms of appointment, remuneration, time commitment envisaged, expectations regarding committee work, the requirement to disclose directors' interests and confidentiality obligations.</p> <p>Mr Soon Sinn Goh has an employment agreement with the Company as the Group CEO. As Mr Goh spends a majority of his time developing and enhancing manufacturing capabilities in Malaysia and sales in various entities other than Australia and New Zealand, he also has a letter of employment with Waterco (Far East) Sdn Bhd setting out his role in Malaysia and a letter of employment with Waterco International Pte Ltd for his role in Singapore.</p> <p>Senior executives (defined by the Company as Key Management Personnel) have written employment agreements setting out a description of key duties and responsibilities, reporting lines, remuneration and termination rights.</p>

1.4 Company Secretary The Company Secretary is appointed by and is accountable directly to the Board through the Chairman and has particular responsibility for:

- advising the board and its committees on governance matters;
- monitoring whether board and committee policy and procedure are being followed;
- coordinating timely completion of board and committee papers;
- ensuring that business conducted at board and committee meetings are accurately recorded in the minutes; and
- helping to organise the induction and professional development of directors.

Each director is able to communicate directly with the Company Secretary and vice versa.

1.5 Diversity The Board recognises diversity and inclusion as strengths and adopted a Diversity Policy for the Company which includes an express requirement for the Board to set measurable objectives for achieving gender diversity.

The Diversity Policy is available in the Corporate Governance section of the Company's website, www.waterco.com.au. In accordance with the Diversity Policy, the Board set objectives for achieving gender diversity across its organisation. The measurable objectives for the Reporting Period were:

	Measurable objective for the Reporting Period
Women on the Board	20%
Women in senior executive positions (excluding Board Members)	20%
Women employees in the company	35%

The Board assessed the progress towards these objectives during the Reporting Period by reviewing the relative proportion of women and men in the Company's workforce at all levels. During the Reporting Period, the Company has met the measurable objectives for women on the Board with 1 female Director out of 5 Directors on the Board; and 1 female senior executive out of 3 senior executives of the Company (defined by the Company as Key Management Personnel). However, the Company did not meet the measurable objective for total women employed. As at 30 June 2024, women represented 34.37% of the overall workforce. The Company will continue to work towards achieving the target measurable objective.

1.6 Board reviews The Board is committed to an ongoing internal process of performance evaluation of the Board, its committees and individual directors to ensure the diligent and effective discharge of responsibilities and a consistent mindset in improving corporate governance practices. The Board undertakes the performance evaluations by way of evaluation forms.

The Board has undertaken an evaluation on the performance of the Board, its committees and individual directors for the Reporting Period.

1.7 Management reviews The Company is committed to an ongoing internal process of performance evaluation of Key Management Personnel to ensure the diligent and effective discharge of their responsibilities. The Group CEO has undertaken a performance evaluation review of Key Management Personnel for the Reporting Period.

PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

RECOMMENDATION WATERCO'S COMPLIANCE WITH ASX RECOMMENDATIONS

2.1 Nominations committee

The Company has not established a nomination committee. The ASX Recommendations acknowledge that such committees may not be required for smaller boards. The Board is of the opinion that it is appropriate for a company the size of Waterco for matters that come under the purview of a nomination committee to be undertaken by the Board through the Remuneration Committee. Furthermore, the Board has established processes in place to raise and address issues that would otherwise be considered by a nomination committee.

The Board comprises an Executive Chairman who is also the Group CEO, an Executive Director and three Non-Executive Directors. The Board views each of the three Non-Executive Directors as being independent.

The Board's membership is reviewed periodically to ensure that it maintains an appropriate mix of skills, qualifications and experience. In particular, the Board has identified skills and experience in corporate finance, international trade and international business environment, marketing and accounting and technical and industry knowledge in the water treatment and pool industries to be important. The Board composition represents diversity in gender, age, ethnicity and background.

At each Annual General Meeting (AGM), one third of the directors (excluding the Group CEO) and any director appointed to fill a casual vacancy since the previous AGM must retire but may stand for re-election.

The Company achieved its preferred Board composition of at least five directors during the Reporting Period, with a majority of Non-Executive (and, where possible, independent) Directors.

2.2 Board skills matrix

Below is the matrix of skills and attributes that Waterco is aiming to achieve across its Board membership. This matrix was adopted by the Board on 1 July 2020. The Board aims to improve in some areas, such as legal and engineering experience.

General		Governance	
Executive and Non-Executive experience		Governance committee experience	
Leadership		Risk management experience	
Strategic thinking		Knowledge of ethical and fiduciary duties	
Industry experience (local & global)		Commitment to environmental protection and sustainability	
		Corporate responsibility, health and safety	
		Stakeholder engagement	
Technical		Diversity	
Legal		Female	
Financial		Male	
Engineering		Different ethnicities and cultures	
Human resources		Languages other than English	
Regulatory and compliance experience			

<p>2.3 Disclose independence and length of service</p>	<p>The names of the independent directors in office during the Reporting Period are:</p> <ul style="list-style-type: none"> a. Ben Hunt; b. (Richard) Cheng Fah Ling (for the period from 1 July 2023 to 25 October 2023) c. Judy Raper and d. Wayne Beauman (from 21 July 2023) <p>The Company's assessment of the materiality of a director's interest is considered on a case by case basis by the Board. Where an entity associated with a Director provides services to the Company, the Board uses a threshold of \$100,000 in fees in a financial year as a guideline. However, the Board does not follow an inflexible set of criteria but considers whether the relationship in question is reasonably likely to interfere with that Director's independent judgement. Further details of the directors' skills, experience, expertise and lengths of service are set out in the Board of Directors' section of the Company's Annual Report.</p>
<p>2.4 Majority of directors independent</p>	<p>A majority of the Board are independent directors, taking into account the factors relevant to "independence" under the ASX guidelines.</p>
<p>2.5 Independent Chair</p>	<p>The roles of Chairperson and Group CEO are both held by Mr Soon Sinn Goh. The Board believes that Mr Goh brings a vital level of industry experience to the operations of the Company. Also, as the major shareholder of the Company, Mr Goh's commitment to the success of the Company is unquestionable. Therefore, it is the Board's opinion that it is appropriate in the Company's circumstances that the two roles be combined. With the majority of the Directors being independent, and with Independent Directors chairing the Audit and the Remuneration Committees, the Board is also of the opinion that it is not necessary that the office of Chairperson be held by an Independent Director.</p>
<p>2.6 Induction and professional development</p>	<p>All new directors undergo an induction to familiarise them with the business of the Company, the Company's internal control and risk management practices and policies and procedures. The Company also seeks to provide appropriate professional development opportunities for directors, when required, to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>

PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

RECOMMENDATION	WATERCO'S COMPLIANCE WITH ASX RECOMMENDATIONS
3.1 Statement of Values	The Board's statement of values can be found on the Company's website, www.waterco.com.au
3.2 Code of conduct	The Board has established a Code of Conduct for directors, key management personnel and employees.
3.3 Whistleblower policy	The Company encourages employees to speak up about unlawful, unethical or irresponsible behavior within the organisation through the Company's whistleblower policy which is available in the Corporate Governance section of the Company's website, www.waterco.com.au
3.4 Antibribery and corruption policy	The Company is committed to conducting all dealings lawfully, ethically and in line with the Company's Statement of Values. The Company's antibribery and corruption framework enables it to prevent, detect and response to bribery and corruption risks. The policy is available in the Corporate Governance section of the Company's website, www.waterco.com.au

PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

RECOMMENDATION	WATERCO'S COMPLIANCE WITH ASX RECOMMENDATIONS
4.1 Audit committee	<p>The Audit Committee operates under the Audit Committee Charter.</p> <p>The role of the Audit Committee is to assist the Board with its oversight of the integrity of the financial statements, including overseeing the existence and maintenance of internal controls, accounting systems, and the financial reporting process. The Committee also nominates external auditors, reviews existing audit arrangements and co-ordinates external and internal auditing functions. In addition, the Audit Committee examines any other matters referred to it by the Board.</p> <p>Throughout the Reporting Period, the Audit Committee consisted of 3 Independent Non-Executive Directors and was headed by an Independent Chairperson not holding the position of Chairperson of the Board.</p> <p>The members of the Audit Committee during the Reporting Period were:</p> <ol style="list-style-type: none">(Richard) Cheng Fah Ling – Chairman; (for the period from 1 July 2023 to 25 October 2023)Ben Hunt;Judy Raper; andWayne Beauman – Chairman (from 25 October 2023) <p>The number of Audit Committee meetings and details of Committee members' attendance are included in the Directors' Report section of the Company's Annual Report.</p>

4.2 CEO and CFO certification of financial statements	<p>The Board has received a written statement from its Group CEO and Chief Financial Officer (CFO) which includes a declaration under section 295A of the Corporations Act 2001 (Cth) advising that:</p> <ul style="list-style-type: none"> a. in their opinion the Company's financial reports have been properly maintained and have complied with the appropriate accounting standards and give a true and fair view of the Company's financial position and performance; and b. the opinion has been formed on the basis of a system of risk management and internal control adopted by the Board, and that this system is operating effectively.
4.3 External auditor at AGM	<p>The external auditor attends the AGM for the purpose of answering shareholder questions regarding the conduct of the audit and the preparation and content of the audit report.</p>

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

RECOMMENDATION	WATERCO'S COMPLIANCE WITH ASX RECOMMENDATIONS
5.1 Disclosure and Communications Policy	<p>The Company's Continuous Disclosure Policy sets out the rules and responsibilities for Waterco's officers and employees to ensure compliance with ASX Listing Rules and promote factual and timely disclosure of all material matters concerning the Company.</p>
5.2 Board to receive information on announcements	<p>To ensure that the Board has timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures, the Board receives copies of all material market announcements promptly after they have been made.</p>
5.3 Investor presentations	<p>Should the Company give a new and substantive investor or analyst presentation, it will release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p>

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

RECOMMENDATION	WATERCO'S COMPLIANCE WITH ASX RECOMMENDATIONS
6.1 Information on website	<p>Waterco keeps investors informed by publishing information on the Company's website.</p> <p>All disclosures made to the ASX and all information provided to analysts or the media during briefings are promptly posted on the Company's website after they have been released to the ASX.</p>
6.2 Investor relations programs	<p>The Company's Shareholder Communication Policy details the mechanisms put in place to ensure that the rights of shareholders are respected and to facilitate the effective exercise of those rights.</p> <p>The Shareholder Communication Policy contains information on persons whom shareholders can contact in relation to procedures at shareholders meetings, matters being considered at shareholders meetings and other issues. It also indicates the predominant sources for investors to engage with the Company at general meetings of the Company.</p>

6.3 Facilitate participation at meetings of security holders	Shareholders who are unable to attend any of the Company's meetings are encouraged to vote on the proposed motions by appointing a proxy. Proxy forms are included with meeting notices which also provides details on how proxy forms should be completed and submitted.
6.4 Substantive resolutions	The Company ensures that all substantive resolutions at the shareholders' meeting are decided on a poll rather than by a show of hands.
6.5 Facilitate electronic communications	<p>The Company recognises the benefits of the use of electronic communications. Shareholders have the option of selecting to receive the following information electronically from the share registry: dividend statements; annual reports; notices of meetings and proxy forms and the ability to vote online; and other general company communications.</p> <p>With this in place, shareholders can log into their account to make changes to their communication preferences. The share registry can also be contacted via email or telephone. Contact details can be found on the Company's website.</p>

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

RECOMMENDATION	WATERCO'S COMPLIANCE WITH ASX RECOMMENDATIONS
7.1 Risk committee	<p>The Company has not established a Risk Committee.</p> <p>The functions of the Risk Committee are performed by the Audit Committee who reports to the Board on the effectiveness of the risk management and internal control processes of the Company regularly by circulation of Minutes of Meetings to the directors and through other means of formal and informal reporting.</p> <p>Further details regarding the Audit Committee, its membership and the number of meetings held during the Reporting Period are set out in response to Recommendation 4.1.</p>
7.2 Annual risk review	The Board reviews the risk management framework of the Company periodically as and when necessary to meet the operational requirements of the Company and changes in the law through the Audit Committee. The Board has performed the review for the Reporting Period.
7.3 Internal audit	<p>The Company reviews and continually improves the effectiveness of its risk management and internal control processes.</p> <p>Further details regarding audit functions are set out in response to Recommendation 4.1.</p>
7.4 Sustainability risks	The Board considers that the Company is not materially exposed to environmental and social sustainability risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

RECOMMENDATION	WATERCO'S COMPLIANCE WITH ASX RECOMMENDATIONS
8.1 Remuneration committee	<p>The Remuneration Committee is responsible for making recommendations to the Board on remuneration packages and policies for the Executive Directors and the Key Management Personnel. The Remuneration Committee Charter is published on the Company's website.</p> <p>During the Reporting Period, the Remuneration Committee consisted of three independent Non-Executive Directors and was headed by an independent Chairperson not holding the position of Chairperson of the Board.</p> <p>The members of the Remuneration Committee during the Reporting Period were:</p> <ol style="list-style-type: none">Ben Hunt - Chairman;(Richard) Cheng Fah Ling (for the period from 1 July 2023 to 25 October 2023);Judy Raper; andWayne Beauman (from 21 July 2023) <p>The number of Remuneration Committee meetings and details of Committee members' attendance during the Reporting Period are set out in the Directors' Report section of the Company's Annual Report.</p>
8.2 Disclosure of Executive and Non-Executive Director remuneration policy	<p>Remuneration packages for Executive Directors are set so as to include an appropriate balance of fixed remuneration and performance-based remuneration.</p> <p>Remuneration of the Company's Non-Executive Directors operates on different principles to the remuneration of Executive Directors. Non-Executive Directors receive fixed fees and do not participate in schemes designed for the remuneration of Executive Directors. Non-Executive Directors do not receive options or bonus payments or retirement benefits other than statutory superannuation.</p> <p>The Remuneration Report at the Directors' Report section of the Annual Report sets out:</p> <ol style="list-style-type: none">information about the Remuneration Policy developed by the Remuneration Committee and adopted by the Board; anddetails of remuneration of the directors (executive and non-executive) and Key Management Personnel.
8.3 Policy on hedging equity incentive schemes	<p>During the Reporting Period, the Company issued 825,000 performance options (Options) to 10 of its executives (holders) under the Company's long term incentive plan).</p> <p>The Options will vest in 3 tranches over three years from the issue date, subject to satisfaction of certain vesting conditions. Once vested, each Option entitles the holder to receive one fully paid ordinary share in Waterco.</p> <p>The Options are not transferable (except with the approval of the Board) or sold, assigned or otherwise disposed of or encumbered by the holders.</p> <p>The holders are not permitted to enter into transactions which limit the economic risk of participating in long term incentive plan.</p>

Directors' Report

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2024.

Directors

The names of directors in office during and since the end of the financial year are:

- Soon Sinn Goh
- Bryan Goh
- Ben Hunt
- (Richard) Cheng Fah Ling (resigned 25 October 2023)
- Judy Raper
- Wayne Beauman (appointed 21 July 2023)

On 25 October 2023, Mr Ling resigned as a director at the conclusion of the Annual General Meeting of the Company.

For details of the directors' qualifications and experience, refer to the section titled "Board of Directors" which is to be read as part of this report.

Company Secretaries

The following persons held the position of Joint Company Secretary throughout the financial year:

- Gerard Doumit FCPA JP

Mr Doumit was appointed Company Secretary on 22 July 1991. He has been employed by Waterco since January 1987 as an Accountant and is currently Chief Financial Officer (CFO) and Company Secretary.

He holds a Bachelor of Economics (Accounting) from Macquarie University.

- Sin Wei Yong

Mr Yong was appointed Company Secretary on 1 July 2020.

He is an admitted solicitor and holds a Bachelor of Laws (Hons) from Northumbria University, United Kingdom. He joined the Company in 2014 as a Legal Officer. He has extensive experience in corporate governance and has more than 15 years' experience in legal and regulatory compliance in a financial services group prior to joining the Company.

Principal Activities

The principal activities of the consolidated Group during the financial year were:

- wholesale, export and manufacture of equipment and accessories in the swimming pool, spa pool, spa bath, rural pump and water treatment industries;
- manufacture and sale of solar heating systems for swimming pools and pre-heat industrial solar systems;
- franchise of retail outlets for swimming pool equipment and accessories; and
- formulating, packing and distribution of swimming pool chemicals to independent pool stores and stores in its Swimart franchise network.

There were no significant changes in the nature of the consolidated Group's principal activities during the financial year.

Consolidated Results

The consolidated profit of the group after providing for income tax and eliminating non-controlling interests amounted to \$13.905 million.

Dividends

Dividends paid or declared for payment are as follows:

- Final ordinary dividend of 5 cents per share paid on 15 December 2023 as recommended in last year's report - \$1.759 million
- Interim dividend of 7 cents per share paid on 15 May 2024 as declared in the half yearly report - \$2.462 million
- Final ordinary dividend of 8 cents per share declared by the directors to be paid on 15 November 2024 - \$2.813 million.

All dividends paid or declared since the end of the previous financial year were fully franked.

Review of Operations

A review of operations of the Consolidated Group during the financial year and of the results of those operations together with likely developments in the operations of the consolidated Group and the expected results of those operations are set out in the Chief Executive Officer's Review of Operations.

Financial Position

The net assets of the Consolidated Group have increased by \$8.62 million from \$121.23 million in June 2023 to \$129.85 million in June 2024.

The change has largely resulted from:

- Upward movement in profits (less dividends paid) of 9.69 million;
- Net decrease in the asset revaluation reserve of group companies of \$0.06 million;
- Net decrease in non-controlling Interests of \$0.05 million;
- Foreign currency translation loss of \$0.88 million;
- Net decrease in share capital of \$0.08 million from the Waterco Share Buy-Back.

The Group's working capital being current assets less current liabilities increased from \$56.57 million in 2023 to \$95.09 million in 2024.

The Directors believe that the Group is in a strong and stable financial position.

Significant Changes in State of Affairs

The Directors are not aware of any significant changes in the state of affairs of the Consolidated Group that occurred during the financial year which have not been covered elsewhere in this report.

After Balance Date Events

On 17 July 2024, the company announced an 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).

Final Dividend

Since the end of the reporting period, the Board resolved to pay a final dividend of 8 cents per share fully franked.

Future Developments, Prospects and Business Strategies

Information as to future developments, prospects and business strategies in the operations of the Consolidated Group are included in the Chief Executive Officer's Review of Operations. Other possible developments have not been included in this report as such inclusions would, in the opinion of the Directors, prejudice the interests of the Consolidated Group.

Environmental

The Consolidated Group's operations are subject to some environmental regulations, particularly with regard to the storage of chemicals and waste management. The Consolidated Group has adequate systems in place for the management of its environmental requirements. For the financial year ended 30 June 2024 and as at the date of this report, the Directors are not aware of any breaches of the environmental regulations.

Data, privacy and cyber security

The Consolidated Group's strategy is built around detecting, protecting and responding to cyber threats. The use of up-to-date technology to protect against cyber incidents supplemented by strong internal control processes help ensure the privacy, integrity and security of both customer and staff data.

Sustainability and ESG

Waterco continues to grow its Sustainability efforts and commitment to ESG. In its manufacture and distribution of water solution products, ESG principles are inherently practiced.

Over the last few years, there has been a move towards a low carbon economy with both investors and regulators now expecting companies to embrace cleaner/renewable energy solutions. The Group continues to invest in technologies which replace traditional sources of energy (electricity from coal) with renewable alternatives like solar. Installation of solar panels at Rydalmere property a few years ago cut traditional electricity consumption by more than 75%.

In addition, the group has undertaken continuous research into and production of energy efficient products, and product lines which are powered by solar. This process started in the mid 1980s (well before the world started talking about renewable clean energy) with the acquisition of Zane Solar Systems. The solar business started off distributing rubber absorber for solar pool heating to be replaced over time by the more durable and energy efficient solar roof panels. The Group keeps abreast of market norms on sustainability and continues to monitor investor expectations and changing customer preferences while at the same time making any necessary changes to comply with evolving regulatory and legislative requirements.

Directors' Shareholdings

Details of the Directors' shareholdings are contained in the Key Management Personnel Shareholding table on page 32.

Meetings of Directors

During the financial year, 13 meetings of directors (including Audit and Remuneration Committees) were held. Attendances are set out below:

Director	Directors' Meeting		Audit Committee Meeting		Remuneration Committee Meeting	
	Number Eligible To Attend	Number Attended	Number Eligible To Attend	Number Attended	Number Eligible To Attend	Number Attended
Soon Sinn Goh	5	5	-	-	-	-
Bryan Goh	5	5	-	-	-	-
Ben Hunt	5	5	6	6	2	2
(Richard) Ling*	2	2	2	2	1	1
Judy Raper	5	5	6	6	2	2
Wayne Beauman**	5	5	6	6	2	2

*Mr Richard Ling resigned as a Non-Executive Director on 25 October 2023

**Mr Wayne Beauman was appointed as a Non-Executive Director on 21 July 2023

Shares under option

The following options have been issued during the year ended 30 June 2024.

Grant date	Expiry date	Exercise price	Number under option
28 November 2023	28 November 2033	\$4.19	765,000
20 March 2024	20 March 2034	\$5.09	60,000

Unissued ordinary shares in Waterco Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
23 August 2021	23 August 2031	\$3.15	350,000
28 November 2023	28 November 2033	\$4.19	765,000
20 March 2024	20 March 2034	\$5.09	60,000

There have been no shares issued or options exercised during the year ended 30 June 2024.

Indemnifying Officers or Auditor

During and since the financial year, the Company has paid premiums to insure all directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred by such an officer or auditor.

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit arising from a contract made by the parent entity, or a related body corporate with a director, a firm of which a director is a member or a director or an entity in which a director has a substantial financial interest other than:

- i. Sales made by a controlled entity to Asiapools (M) Sdn Bhd of which Mr Soon Sinn Goh is a director and shareholder.
- ii. Payments made for rental of warehouses, offices and a pool shop to Mint Holdings Pty Ltd of which Mr Soon Sinn Goh is a director and shareholder.
- iii. Rent charged to Mint Holdings Pty Ltd for office space in Rydalmere, NSW.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in the Company's accounts or the fixed salary of a full-time employee of the parent entity, controlled entity or related body corporate.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-Audit Services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Officers of the company who are former partners of RSM Australia

The following persons were officers of the Company during the financial year and were previously partners of the current audit firm, RSM, at a time when RSM undertook an audit of the Group:

Wayne Beauman who retired from RSM on 31/12/2018.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2024 has been received and is included in the directors' report.

Auditor

RSM Australia continues in office in accordance with section 327 of the Corporations Act 2001.

ASIC Corporations (rounding in Financial/Directors Reports) Instruments 2016/191

The amounts in the financial reports and directors' report have been rounded to the nearest thousand dollars in accordance with ASIC Corporations Instruments 2016/191.

Remuneration Report

Introduction

This report provides remuneration policy and payment details applying in the financial year for persons who were members of Key Management Personnel of the Company.

2024 Remuneration Policy

The Remuneration Committee governs the Company's Remuneration Policy. The Committee comprises Independent Non-Executive Directors.

It has the following objectives:

- attract, retain and motivate management of the appropriate calibre to further the success of the business;
- align management reward with shareholder value;
- ensure that total remuneration is reasonable and comparable with market standards;
- ensure that remuneration should realistically reflect the responsibilities of the executives;
- ensure that incentive schemes reward superior company performance and be clearly linked to appropriate performance benchmarks based on improved company performance; and
- ensure that the remuneration costs are disclosed in accordance with the requirements of law and relevant accounting standards.

The remuneration structure for Key Management Personnel of the Waterco Group comprises:

- Fixed remuneration. This consists of base salary and the full costs of other benefits; and
- Incentives. The level varies with performance. It consists of an annual incentive plan.

The Remuneration Committee reviews market data and the performance of the Group CEO. The Committee then recommends the fixed remuneration and annual incentive payment of the Group CEO for approval by the Board.

The Group CEO recommends Key Management Personnel's fixed remuneration and annual incentive payments to the Remuneration Committee. Fixed remuneration for Key Management Personnel is reviewed annually and determined by reference to appropriate benchmark information of comparable companies, taking into account their responsibility, performance, qualifications, experience and potential. Adjustments are made only if there is the prospect of fixed remuneration levels falling behind market levels.

The remuneration of Non-Executive Directors is fixed and does not change according to the performance of the company. They do not participate in any incentive plans available to managers. Non-Executive Directors are paid fees based on the nature of their work and their responsibilities. The Company makes superannuation guarantee (SG) payments, in addition to those fees. The level and structure of fees is based upon the need for the Company to be able to attract and retain Non-Executive Directors of an appropriate calibre, the demands of the role and prevailing market conditions.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is \$300,000. This was approved by shareholders at the Annual General Meeting held on 26 October 2018.

There has been an increase of 5% in the Non-Executive Director fees for the 2023/2024 financial year. The total fees are now at an aggregate of \$237,807 including the Superannuation Guarantee Charge.

The Remuneration Committee seeks independent external advice when required.

Performance-based Remuneration Policy, and its Relationship with Company Performance

Incentive Plan

There is an annual incentive plan in place for all Key Management Personnel. This is a payment that varies with performance measured over a twelve-month period.

There have been no changes in performance-based remuneration policy compared with the prior reporting period.

Maximum payments are capped.

In the case of the Group CEO, the Remuneration Committee sets the performance requirements; in the case of other Key Management Personnel, the Group CEO recommends performance requirements for consideration by the Remuneration Committee.

The annual incentive performance criteria relate to the employee's responsibilities. If requirements are achieved, there will be an improvement in shareholder value.

The key performance requirement for an incentive payment is Earnings Before Interest and Tax (EBIT).

This provides a clear alignment between the interests of shareholders and the level of reward for eligible employees.

Performance criteria are tabulated below

Key Management Personnel with annual incentives	Summary of Performance Condition FY 24	Why Chosen
Soon Sinn Goh - Group CEO	Earnings Before Interest and Tax (EBIT) for the Waterco Group	Encourage Group CEO to improve the performance levels of the Group as a whole and thereby increase shareholder wealth.
Key Management Personnel	Earnings Before Interest and Tax (EBIT) for the Waterco Group.	The performance of Key Management Personnel can have a Group impact, so targets are based on Group performance.

The satisfaction of the performance conditions of the annual incentive is based on a review of the audited financial statements of the Group.

If the Group's performance, as a whole does not reach the relevant target levels, then no annual incentive payments are made.

In the year ending 30 June 2024, the Key Management Personnel have achieved their performance (Threshold) Level based on normal operations. The payment of this incentive is subject to Board Approval, and if approved, will be paid in December 2024.

Waterco Limited Group Employee Share Option Plan

This plan was approved by the Board on 24 June 2021

On 23 August 2021, the Chief Financial Officer (CFO) of Waterco Ltd was issued 100,000 options at an exercise price of \$3.15 per share (being the Volume Weighted Average Price (VWAP) of Waterco Shares for the 5 days preceding date of issue) under this plan.

The Options will vest in 3 tranches in accordance with the Exercise Periods set out below provided the Vesting Condition for each year has been met and the CFO remains employed by the company at the beginning of the Exercise Period.

Details of the Issue are as follows

Tranche No	No of Options	Vesting Date	Vesting Condition -Group EBIT	Exercise Price	Expiry Date	Vested
1	33,000	23 August 2022	\$10,338,853	\$3.15	23 August 2031	33,000
2	33,000	23 August 2023	\$11,278,748	\$3.15	23 August 2031	33,000
3	34,000	23 August 2024	\$12,218,644	\$3.15	23 August 2031	34,000

The CFO has met the Vesting Condition for Tranche 3 as the EBIT for the financial year ending 30 June 2024 has exceed \$12,218,644. The CFO may now exercise the options for Tranches 1,2 and 3 in whole or in part anytime, from now until 23 August 2031. The value of all three tranches over the 10 year period amount to \$38,230 (\$3,823 per year).

On 28 November 2023, the Chief Commercial Officer of Waterco Ltd (CCO) was issued 90,000 options at an exercise price of \$4.19 per share (being the Volume Weighted Average Price (VWAP) of Waterco Shares for the 5 days preceding date of issue) under this plan.

The Options will vest in 3 tranches in accordance with the Exercise Periods set out below provided the Vesting Condition for each year has been met and the CCO remains employed by the Company at the beginning of the Exercise Period.

Details of the Issue are as follows

Tranche No	No of Options	Vesting Date	Vesting Condition-Group EBIT	Exercise Price	Expiry Date	Vested
1	30,000	28 November 2024	Group EBIT/Sales of at least 8%	\$4.19	28 November 2033	-
2	30,000	28 November 2025	Group EBIT/Sales of at least 9%	\$4.19	28 November 2033	-
3	30,000	28 November 2026	Group EBIT/Sales of at least 10%	\$4.19	28 November 2033	-

The value of all three tranches over the 10 year period amount to \$56,938 (\$5,694 per full year).

On 28 November 2023, the Chief Operating Officer (COO) of Davey Water Products Pty Ltd (a subsidiary) was issued 120,000 options at an exercise price of \$4.19 per share (being the Volume Weighted Average Price (VWAP) of Waterco Shares for the 5 days preceding date of issue) under this plan.

The Options will vest in 3 tranches in accordance with the Exercise Periods set out below provided the Vesting Condition for each year has been met and the COO remains employed by the company at the beginning of the Exercise Period.

Details of the Issue are as follows:

Tranche No	No of Options	Vesting Date	Vesting Condition- Group EBIT	Exercise Price	Expiry Date	Vested
1	40,000	28 November 2024	Group EBIT/Sales of at least 8%	\$4.19	28 November 2033	-
2	40,000	28 November 2025	Group EBIT/Sales of at least 9%	\$4.19	28 November 2033	-
3	40,000	28 November 2026	Group EBIT/Sales of at least 10%	\$4.19	28 November 2033	-

The value of all three tranches over the 10 year period amount to \$75,917 (\$7,592 per full year).

No other options or share-based payments were granted to Key Management Personnel in the 2024 financial year.

No options have been exercised during the 2024 financial year.

The following table shows the Sales Revenue, Earnings Before Interest and Tax (EBIT), Net Profit Before Tax (NPBT), Net Profit After Tax (NPAT), Earnings Per Share (EPS), dividends and year-end share price in the financial year just ended and the previous four financial years for the consolidated Group.

Year ended	June 24	June 23	June 22	June 21	June 20
Sales revenue (\$million) from continuing and discontinued operations	239.09	129.05	123.29	113.35	93.58
Earnings Before Interest and Tax (EBIT) (\$million) from continuing and discontinued operations	22.10	14.50	15.17	9.40	22.75
NPBT (\$million) from continuing and discontinued operations	18.302	13.85	14.87	9.06	21.83
EPS (cents) from continuing and discontinued operations	39.5	30.7	32.7	35.6	48.8
Dividends per share paid (cents)	12.0	10.0	7.0	6.0	5.0
Year end share price (\$)	5.36	4.00	3.60	2.90	2.55
NPAT (\$million) continuing operations	13.85	10.80	11.57	12.70	3.01
NPAT (\$million) discontinued operations	-	-	-	-	14.54

Please see commentary on performance on page 25.

Employment Details of Key Management Personnel

The following table provides employment details for the financial year for Key Management Personnel. The table also illustrates the proportion of remuneration that was performance and non-performance based.

	Position held as at 30 June 2024 and any change during the year	Contract details (duration & termination)	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
			Non-salary cash-based incentives %	Shares/ Units %	Options/ Rights %	Fixed Salary/ Fees %	Total %
Key Management Personnel							
S S Goh	Chairman & Group CEO	No fixed term; may be terminated on 6 months' notice by either party	-	-	-	100	100
B Goh	Chief Operating Officer & Director - Executive	No fixed term; may be terminated on 2 months' notice by either party	-	-	-	100	100
B Hunt	Director - Non-Executive	No fixed term, but subject to member confirmation every 3 years after AGM when first appointed.	-	-	-	100	100
R Ling	Director - Non-Executive	No fixed term, but subject to member confirmation every 3 years after AGM when first appointed.	-	-	-	100	100
J Raper	Director - Non-Executive	No fixed term, but subject to member confirmation every 3 years after AGM when first appointed.	-	-	-	100	100
W Beauman	Director - Non-Executive	No fixed term, but subject to member confirmation every 3 years after AGM when first appointed.	-	-	-	100	100
G Doumit	Chief Financial Officer / Company Secretary	No fixed term, may be terminated on 2 months'	-	-	1	99	100
J Ainsworth	Chief Commercial Officer	Three year fixed term, (subject to renewal), may be terminated on 2 months' notice by either party	-	-	-	100	100
P Wolff	Chief Operating Officer - Davey Water Products Pty Ltd	No fixed term, may be terminated on 3 months' notice by either party	-	-	1	99	100

Changes in Directors and Key Management Personnel During the Year

On 21 July 2023, Mr Wayne Beauman was appointed as a non-executive director.

On 25 October 2023, Mr Richard Ling resigned as a non-executive director.

On 24 June 2024, the Board designated Mr Peter Wolff, the Chief Operating Officer of Davey Water Products Pty Ltd as a Key Management Personnel.

Changes in Directors and Key Management Personnel Subsequent to Year-end

There have been no changes to Key Management Personnel since year end.

Key Management Personnel Shareholding

Number of Shares held by Key Management Personnel

2024

Key Management Personnel	Balance 1.7.2023	Received as Remuneration	Net Change Other	Balance 30.6.2024
Mr S S Goh	21,721,853	-	-	21,721,853
Mr B Goh	540,121	-	-	540,121
Mr B Hunt	170,223	-	-	170,223
Mr R Ling 1)	-	-	-	-
Ms J Raper	-	-	-	-
Mr W Beauman 2)	-	-	-	-
Mr G Doumit	71,300	-	-	71,300
Ms J Ainsworth	-	-	-	-
Mr P Wolff 3)	-	-	-	-

1) Mr Richard Ling resigned as a Non-Executive Director on 25 October 2023

2) Mr Wayne Beauman was appointed a Non-Executive Director on 21 July 2023

3) Mr P Wolff was appointed as Chief Operating Officer of Davey Water Products Pty Ltd on 1 September 2023

2023

Key Management Personnel	Balance 1.7.2022	Received as Remuneration	Net Change Other	Balance 30.6.2023
Mr S S Goh	21,721,853	-	-	21,721,853
Mr B Goh	540,121	-	-	540,121
Mr B Hunt	170,223	-	-	170,223
Prof J Raper	-	-	-	-
Mr W Beauman 1)	-	-	-	-
Mr R Ling	-	-	-	-
Mr G Doumit	71,300	-	-	71,300
Ms J Ainsworth	-	-	-	-
Mr P Wolff 2)	-	-	-	-

1) Mr Wayne Beauman was appointed a Non-Executive Director on 21st July 2023

2) Mr Peter Wolff was designated as Key Management Personnel on 24 June 2024

Number of Options held by Key Management Personnel

2024 Key Management Personnel	Balance		Unexercisable No	Vested Total at 30.6.2024	Unvested Total at 30.6.2024
	30.6.2024	Exercisable No			
Mr G Doumit	100,000	100,000	-	100,000	-
Ms J Ainsworth	90,000	-	-	-	90,000
Mr P Wolff	120,000	-	-	-	120,000

Remuneration Details

The following table provides remuneration details for the 2024 and 2023 financial years for Key Management Personnel.

		Short-term benefits			Post-employment benefits	Long-term benefits	Long-term benefits	Total
		Remuneration incl Salary, fees and leave	Profit share and bonus	Non-monetary (5)	Pension and super-annuation	LSL	Share options	
		\$	\$	\$	\$	\$	\$	\$
Key Management Personnel								
Soon Sinn Goh 1)	2024	494,688	21,000	-	19,209	4,537	-	539,434
	2023	469,558	35,000	-	27,499	4,620	-	536,677
Bryan Goh	2024	338,670	40,000	-	27,399	20,000	-	426,069
	2023	318,000	70,000	-	25,292	15,180	-	428,472
Ben Hunt	2024	71,413	-	-	7,855	-	-	79,268
	2023	68,013	-	-	7,141	-	-	75,154
(Richard) Ling 2)	2024	27,467	-	-	3,021	-	-	30,488
	2023	68,013	-	-	7,141	-	-	75,154
Judy Raper	2024	71,413	-	-	7,855	-	-	79,268
	2023	68,013	-	-	7,141	-	-	75,154
Wayne Beauman 3)	2024	65,920	-	-	7,251	-	-	73,171
	2023	-	-	-	-	-	-	-
Gerard Doumit	2024	253,769	30,000	26,163	31,215	32,253	3,823	377,223
	2023	225,868	50,000	18,460	27,500	12,975	3,823	338,626
Joanne Ainsworth	2024	249,777	10,000	-	26,005	-	3,354	289,136
	2023	178,229	-	-	16,718	-	-	194,947
Peter Wolff 4)	2024	273,000	-	16,671	20,549	-	4,472	314,692
	2023	-	-	-	-	-	-	-

(1) S S Goh's Remuneration of \$539,434 is made up of \$198,376 paid/payable by Waterco Ltd, \$170,529 paid by Waterco (Far East) Sdn Bhd (a subsidiary) and \$170,529 paid by Waterco International Pte Ltd (a subsidiary).

(2) Mr Richard Ling retired as a Non-Executive Director on 25 October 2023. Richard's remuneration has been calculated from 1 July 2023 until 25 October 2023 (date of retirement).

(3) Mr Wayne Beauman was appointed a Non-Executive Director on 21st July 2023. Wayne's remuneration has been calculated from 21 July 2023 (date of appointment) until 30 June 2024

(4) Mr Peter Wolff was designated as Key Management Personnel on 24 June 2024. Mr Peter Wolff was appointed Chief Operating Officer of Davey Water Products Pty Ltd on 1 September 2023. Peter's remuneration has been calculated from 1 September 2023 (date of appointment) until 30 June 2024

(5) Non-monetary benefits are made up of Company vehicle benefits

Securities Received that are not Performance Related

No Key Management Personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

Cash incentives, Performance-related Bonus and Share-based Payment

Maximum cash incentives expressed as a percentage of fixed remuneration and the maximum value that could have been earned in 2023/2024 if stretch performance targets were achieved are tabulated below:

Position	Maximum possible incentive	Maximum possible incentive \$
Key Management Personnel		
Group CEO, Waterco Limited	28%	\$150,000
Executive Director / Chief Operating Officer , Waterco Limited	32%	\$135,000
Chief Financial Officer / Company Secretary, Waterco Limited	24%	\$90,000
Chief Commercial Officer, Waterco Limited	16%	\$45,000
Chief Operating Officer Davey Water Products Pty Ltd	31%	\$98,280

The percentage of cash incentives payable (subject to Board Approval) and forfeited for the year to key management personnel.

Key Management Personnel	Short term incentive in respect of 2024 financial year	
	Payable %	Forfeited %
Group CEO, Waterco Limited	42%	58%
Executive Director / Chief Operating Officer , Waterco Limited	44%	56%
Chief Financial Officer / Company Secretary, Waterco Limited	44%	56%
Chief Commercial Officer , Waterco Limited	44%	56%
Chief Operating Officer Davey Water Products Pty Ltd	75%	25%

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors:



Soon Sinn Goh
Chairman

Dated at Sydney this 9 September 2024

Auditor's Independence Declaration



RSM Australia Partners
Level 13, 60 Castlereagh Street
Sydney
NSW 2000
Australia
T +61 (02) 8226 4500
F +61 (02) 8226 4501
rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Waterco Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM AUSTRALIA PARTNERS

Cameron Hume
Partner

Sydney, NSW
Dated: 9 September 2024

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Consolidated Financial Report

for the year ended 30 June 2024

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Consolidated Statement of Profit or Loss and other Comprehensive Income

For The Year Ended 30 June 2024

	Note No.	Consolidated Group	
		2024 \$000	2023 \$000
Continuing Operations			
Revenues	3	244,845	133,999
Changes in inventories of finished goods and work in progress	4	(17,955)	1,244
Raw materials and consumables used	4	(106,577)	(65,761)
Employee benefits expense		(49,815)	(26,438)
Depreciation and amortisation expense	4	(11,245)	(7,066)
Impairment expense	4	(86)	(79)
Finance costs	4	(3,930)	(707)
Advertising expense		(5,105)	(2,421)
Discounts allowed		(443)	(953)
Outward freight expense		(7,830)	(2,312)
Rent expense	4	(1,427)	(1,138)
Research and development		(2,178)	(2,005)
Insurance – general		(2,018)	(1,366)
Contracted staff expense		(213)	(243)
Warranty expense		(1,059)	(536)
Commission expense		(413)	(469)
Other expenses		(16,249)	(9,896)
Profit before income tax expense		18,302	13,853
Income tax benefit/(expense)	6	(4,451)	(3,048)
Profit for the year		13,851	10,805
Other comprehensive income			
Items that will not be classified subsequently to profit or loss			
Property revaluation increment (net of tax)		(64)	4,245
Items that maybe reclassified to profit or loss			
Exchange translation differences		(903)	(12)
Share options expense		30	13
Other comprehensive income for the year		(937)	4,246
Total comprehensive income for the year		12,914	15,051
Profit attributable to:			
Members of the parent entity		13,905	10,846
Non-controlling interest		(54)	(41)
		13,851	10,805
Total comprehensive income for the year		12,914	15,051
Members of the parent entity			
		12,969	15,092
Non-controlling interest			
		(54)	(41)
Total comprehensive income for the year		12,914	15,051
Earnings per share			
Basic earnings per share (cents per share)	31	39.5	30.7
Diluted earnings per share (cents per share)	31	39.5	30.7

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As At 30 June 2024

		Consolidated Group	
	Note No.	2024 \$000	2023 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	8	16,802	12,337
Trade and other receivables	9	37,584	17,106
Inventories	10	94,797	50,145
Other current assets	11	3,134	2,643
Total Current Assets		152,317	82,231
Non-Current Assets			
Property, plant & equipment	13	69,261	65,874
Right of use assets	14	30,326	17,001
Intangible assets	15	1,269	1,170
Deferred tax assets	18	4,597	1,675
Total Non-Current Assets		105,453	85,720
Total Assets		257,770	167,951
LIABILITIES			
Current Liabilities			
Trade and other payables	16	28,309	12,353
Contract liabilities		-	2,552
Borrowings	17	16,831	6,765
Current tax liabilities	18	1,824	595
Short term provisions	19	10,265	3,394
Total Current Liabilities		57,229	25,659
Non-Current Liabilities			
Borrowings	20	63,856	14,566
Deferred tax liabilities	18	6,306	6,254
Long-term provisions	21	533	238
Total Non-Current Liabilities		70,695	21,058
Total Liabilities		127,924	46,717
Net Assets		129,846	121,234
EQUITY			
Issued capital	22	33,562	33,643
Reserves	23	23,971	24,909
Retained earnings	24	71,999	62,314
Parent interest		129,532	120,866
Non-controlling interest	25	314	368
Total Equity		129,846	121,234

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For The Year Ended 30 June 2024

		Ordinary Shares	Retained Earnings	Capital Profits Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Share Options Reserve	Non- Controlling Interests	Total
Consolidated Group	Note No.	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 30/6/22		34,847	54,992	211	26,444	(6,004)	13	507	111,010
Comprehensive income									
Profit for the year		-	10,846	-	-	-	-	(41)	10,805
Other comprehensive income for the year		-	-	-	4,245	(13)	13	-	4,245
Total comprehensive income for the year		-	10,846	-	4,245	(13)	13	(41)	15,050
Transactions with owners, in their capacity as owners and other transfers									
Cancellation of shares under Waterco Share Buyback		(1,204)	-	-	-	-	-	-	(1,204)
Dividends paid	30	-	(3,524)	-	-	-	-	(98)	(3,622)
Total transactions with owners and other transfers		(1,204)	(3,524)	-	-	-	-	(98)	(4,826)
Balance at 30/6/23		33,643	62,314	211	30,689	(6,017)	26	368	121,234
Comprehensive income									
Profit/(loss) for the year		-	13,905	-	-	-	-	(54)	10,805
Other comprehensive Income/(loss) for the year		-	-	-	(64)	(904)	30	-	(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	30	-	(4,220)	-	-	-	-	-	(4,220)
Total transactions with owners and other transfers		(81)	(4,220)	-	-	-	-	-	(4,301)
Balance at 30/6/24		33,562	71,999	211	30,625	(6,921)	56	314	129,846

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For The Year Ended 30 June 2024

	Consolidated Group	
	2024 \$000	2023 \$000
Cash Flows from Operating Activities		
Receipts from customers	253,363	140,445
Payments to suppliers and employees	(222,558)	(124,712)
Interest received	135	60
Other Income	1,268	924
Finance costs	(3,930)	(707)
Income tax paid	(3,780)	(4,823)
Net cash provided by operating activities (note 35)	24,498	11,187
Cash Flows from Investing Activities		
Dividend received	1	1
Payment for property, plant & equipment	(2,337)	(2,915)
Payment for business	(54,376)	(520)
Proceeds from sale of business	154	-
Proceeds from sale of property, plant & equipment	350	46
Net cash (used in)/provided by investing activities	(56,208)	(3,388)
Cash Flows from Financing Activities		
Proceeds from bank borrowings	63,788	1,102
Repayment of bank borrowings	(18,274)	(1,706)
Share buyback	(81)	(1,204)
Payment of right of use liabilities	(3,567)	(1,591)
Payment of lease liabilities	(62)	(101)
Dividends paid	(4,220)	(3,524)
Dividends paid-outside interests	-	(99)
Net cash (used in) financing activities	37,584	(7,123)
Net (decrease) / increase in cash held	5,874	676
Cash at beginning of the year	12,337	11,946
Effects of exchange rate changes on balance of cash held in foreign currencies	(1,409)	(285)
Cash and cash equivalents the end of the year (Note 8)	16,802	12,337

The accompanying notes form part of these financial statements.

Consolidated Entity Disclosure Statement

For The Year Ended 30 June 2024

		Country of Incorporation	Tax Residency	Owership interest % 2024
Waterco Limited	Body Corporate	Australia	Australia	-
Davey Water Products Pty Ltd	Body Corporate	Australia	Australia	100
Swimart Pty Ltd	Body Corporate	Australia	Australia	100
Zane Solar Systems Australia Pty Ltd	Body Corporate	Australia	Australia	100
Swimart Network Pty Ltd	Body Corporate	Australia	Australia	100
Ezera Systems Pty Ltd	Body Corporate	Australia	Australia	60
Waterco USA Inc	Body Corporate	USA	USA	100
Waterco Engineering Sdn Bhd	Body Corporate	Malaysia	Malaysia	100
Waterco (Far East) Sdn Bhd	Body Corporate	Malaysia	Malaysia	100
Watershoppe (M) Sdn Bhd	Body Corporate	Malaysia	Malaysia	100
Baker Hydro (Far East) Sdn Bhd	Body Corporate	Malaysia	Malaysia	100
Solar-Mate Sdn Bhd	Body Corporate	Malaysia	Malaysia	100
Waterco (NZ) Ltd	Body Corporate	New Zealand	New Zealand	100
Davey Water Products NZ Ltd	Body Corporate	New Zealand	New Zealand	100
Swimart (NZ) Ltd	Body Corporate	New Zealand	New Zealand	100
Waterco (Guangzhou) Ltd	Body Corporate	China	China	100
Waterco (Europe) Ltd	Body Corporate	United Kingdom	United Kingdom	100
Davey Water Products SAS	Body Corporate	France	France	100
PT Waterco Indonesia	Body Corporate	Indonesia	Indonesia	51
Waterco International Pte Ltd	Body Corporate	Singapore	Singapore	100
Medipool Pte Ltd	Body Corporate	Singapore	Singapore	60
Guangzhou Waterco Environmental Technology Co Ltd	Body Corporate	China	China	100
Waterco Vietnam Company Limited	Body Corporate	Vietnam	Vietnam	100

Basis of Preparation

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A) (a) of the Corporations Act 2001. The entities listed in the statement are Waterco Limited and all the entities it controls in accordance with AASB10 Consolidated Financial Statements. The percentage of share capital disclosed for bodies corporate included in the statement represents the economic interest consolidated in the consolidated financial statements and voting interest by Waterco Limited either directly or indirectly.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 1: Statement of Material Accounting Policies

These consolidated financial statements and notes represent those of Waterco Limited and controlled entities, (“Group”).

The financial statements are presented in Australian dollars, which is Waterco Limited's functional and presentation currency.

The directors have the power to amend and reissue the financial statements.

Waterco Limited (a for-profit entity) is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Waterco Limited, have not been presented within this financial report as permitted by the Corporations Act 2001. Supplementary information about the parent entity is disclosed in note 2.

The financial statements were authorised for issue on 9 September 2024.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, o t h e r authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Waterco Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 12. All subsidiaries have a 30 June financial year end except for Waterco Guangzhou Ltd, PT Waterco Indonesia and Waterco Vietnam Company Ltd which have a 31 December financial year end. The reason for this is local company regulation.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 1: Statement of Significant Accounting Policies (continued)

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

b. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 1: Statement of Significant Accounting Policies (continued)

c. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

d. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a standard cost basis. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Net realisable value is determined as the estimated selling price less costs to sell.

e. Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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

Waterco Limited and its wholly-owned Australian Subsidiaries have formed a consolidated group for the purposes of the tax consolidation provisions of the Income Tax Assessment Act 1997. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the "stand-alone taxpayer" approach to allocation. All of the deferred tax assets and liabilities of the subsidiary members

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 1: Statement of Significant Accounting Policies (continued)

e. Income Tax

(continued) have become part of the deferred assets and liabilities of Waterco Ltd. Each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the consolidated group. The group notified the ATO on 20 January 2005 that it had formed an income tax consolidated group to apply from 1 July 2003.

f. Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

g. Foreign Currency Transactions and Balances Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income

Group companies

The financial results and position of foreign operations whose functional currency is

different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of comprehensive income. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

h. Employee Benefits

Provision for employee benefits, which include long service leave, and annual leave are computed to cover expected benefits at balance date.

Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. (see notes 19 and 21)

Employee benefits (long service leave) payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Contributions are made by the consolidated group to an employee superannuation fund and are charged as expenses when incurred. The consolidated group has no legal obligation to cover any shortfall in the funds obligations to provide benefits to employees on retirement.

i. Deferred Expenditure

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Notes To The Financial Statements

For The Year Ended 30 June 2024

i. Deferred Expenditure (continued)

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

j. Acquisition of Assets

The cost method of accounting has been used for acquisition of all assets (including shares). Cost is defined as the fair value of the assets given up at the date of acquisition plus costs incidental to acquisition. Where goodwill arises, it is brought to account.

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

k. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Property

Land and buildings are measured on a fair value basis being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

The value of the land and buildings owned by the consolidated group are based on the following independent valuations:

Land & Buildings	Date of Valuation	Amount
Rydalmere NSW	25 May 2023	AUD 33,100,000
Malaysia	14 June 2023	AUD 19,985,817 (MYR 62,000,000)
USA	4 May 2022	AUD 2,594,937 (USD 1,845,000)

Increases (net of deferred taxes) in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

On 25 May 2023, Waterco Ltd revalued its Rydalmere Property resulting in an increase of \$A3,600,000 from the last valuation of the

property done on 30 June 2021. The value of the Rydalmere Property increased from \$A29.5m to \$A33.1m.

On 14 June 2023, Waterco (Far East) Sdn revalued its SG Buloh Property resulting in an increase of RM2,000,000 from the last valuation of the property done on 15 May 2020. The value of the property increased from RM60,000,000 (\$A20,426,227) to RM62,000,000 (\$A19,985,817).

The above valuations were performed by independent valuers.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(o) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 1: Statement of Significant Accounting Policies (continued)

k. Property, Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated over their useful lives commencing from the time the asset is ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in operating profit before income tax of the consolidated group in the year of disposal.

Depreciation where applicable has been charged in the accounts so as to write off each asset over the estimated useful life of the asset concerned. Either the diminishing value or straight line method, as considered appropriate, is used. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate
Buildings	1.50% - 2.50%
Plant and equipment	6.00% - 33.33%
Leased plant and equipment	13.00% - 20.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are recognised in the profit and loss in the period in which they arise.

l. Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to

be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

m. Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 1: Statement of Significant Accounting Policies (continued)

m. Revenue recognition (continued)

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when the right to receive a dividend has been established.

Franchise fee income is invoiced and recognised as revenue on a monthly basis.

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cashflows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or

loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

p. Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

q. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract Liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

r. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 1: Statement of Significant Accounting Policies (continued)

s. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

t. Borrowings and Transaction Costs

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

u. Investments and Other Financial Assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either impaired cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset, unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- i. held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- ii. designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

v. Current and Non-Current Classifications

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when:

- i. it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle;
- ii. it is held primarily for the purpose of trading;
- iii. it is expected to be realised within 12 months after the end of the reporting period; or
- iv. the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 1: Statement of Significant Accounting Policies (continued)

v. Current and Non-Current Classifications (continued)

A liability is classified as current when:

- i. it is either expected to be settled in the consolidated entity's normal operating cycle;
- ii. it is held primarily for the purpose of trading;
- iii. it is due to be settled within 12 months after the end of the reporting period; or
- iv. there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

w. Rounding of Amounts

The amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000 in accordance with ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191.

x. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates

(i) Inventory Classification

Included in inventory are certain inventory items held to service existing products and various components used in the manufacturing process. The nature of these items may require them to

be included in inventory for more than one year. Management has evaluated these inventory items and do not consider the carrying value of these items as material. All inventory items have therefore been classified as current.

(ii) Inventory Obsolescence

Management review inventory reports on a regular basis to determine slow-moving or obsolescence.

Appropriate provisions are carried for impairment of slow-moving items. Obsolete items are disposed of as and when identified.

(iii) Impairment-General

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

y. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024.

The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

z. Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 2: Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with accounting standards

STATEMENT OF FINANCIAL POSITION

	2024 \$000	2023 \$000
ASSETS		
Current Assets	33,911	36,058
Non-Current Assets	134,672	85,588
TOTAL ASSETS	168,583	121,646
LIABILITIES		
Current Liabilities	37,769	26,124
Non-Current Liabilities	53,550	14,549
TOTAL LIABILITIES	91,319	40,673
EQUITY		
Issued capital	33,562	33,643
Capital profits reserve	180	180
Asset revaluation reserve	20,615	20,615
Share options reserve	56	27
Retained earnings	22,851	26,508
TOTAL EQUITY	77,264	80,973

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2024 \$000	2023 \$000
Total profit after tax	563	3,979
Total comprehensive income	592	7,194

Guarantees

At 30 June 2024, Waterco Ltd has provided guarantees up to RM11,150,000 and USD1,000,000 (AUD5,075,152) (2023: RM11,150,000 and USD1,000,000 (AUD5,102,519)) to two Malaysian Banks for loans provided to a subsidiary, Waterco (Far East) Sdn Bhd..

Contractual Commitments

At 30 June 2024, Waterco Ltd has not entered into any contractual commitments for the acquisition of any property, plant and equipment. (2023: \$nil).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognized as other income by the parent entity and its receipt may be an indicator of an impairment of the investment

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Consolidated Group	
	2024	2023
	\$000	\$000
Note 3: Revenue and Other Income		
Revenue from Continuing Operations		
Sales revenue		
• Sale of goods	239,092	129,050
Other revenue		
• Interest received 3(a)	135	60
• Dividends received	1	1
• Rental income	4,349	3,712
• Rent-Other	53	252
• Other	1,215	924
Total Revenue	244,845	133,999
Timing of revenue recognition		
- Goods transferred at a point in time	239,092	129,050
- Services transferred over time	5,753	4,949
	244,845	133,999
(a) Interest received or receivable from		
• Other persons	135	60
Total interest revenue	135	60
Other Income		
Net gain on disposal of non-current assets		
• Property, plant and equipment	204	15
• Goodwill	31	-

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Consolidated Group	
	2024	2023
	\$000	\$000
Note 4: Profit for the Year		
Profit for the year has been determined after:		
(a) Expenses:		
Cost of Sales	124,286	63,921
Finance costs:		
• Borrowings	3,285	296
• Lease liabilities	629	408
• Finance charges on finance leases	16	3
	3,930	707
Depreciation of non-current assets :		
• Buildings	870	614
• Plant & equipment	2,365	1,127
• Capitalised leased assets	51	78
• Right of use assets	7,959	5,247
	11,245	7,066
Impairment of non-current assets:		
• Goodwill on acquisition	54	54
• Goodwill on consolidation	32	25
	86	79
Bad and doubtful debts		
• Trade debtors	19	-
Rental expense on Operating leases		
• Minimum lease payments	1,427	1,138
Net loss on disposal of non-current assets		
• Property, plant and equipment	14	-
Note 5: Auditors' Remuneration		
Remuneration of the auditor of the parent entity for:		
• Audit or reviewing the financial report	276	130
Remuneration of other auditors of subsidiaries for:		
• Auditing or reviewing the financial report of subsidiaries	217	189

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Consolidated Group	
	2024	2023
	\$000	\$000
Note 6: Income Tax Expense		
(a) The components of tax expense comprise:		
• Current tax	4,903	2,820
• Deferred tax	(183)	57
• Recoupment of prior year tax losses	(269)	171
	4,451	3,048
Income tax attributable to:		
- Profit from continuing operations	4,451	3,048
(b) The prima facie tax on profit before income tax is to the income tax as follows:		
Profit before income tax	18,302	13,853
Prima facie tax payable on profit before income tax at 30% (2023: 30%)	5,491	4,156
Add		
Tax effect of:		
• Depreciation of buildings	170	194
• Impairment of goodwill	26	23
• Entertainment	74	10
• Non deductible expenses	12	33
• Other	66	-
Less		
Tax effect of:		
• Research and development	155	-
• Effects of lower rates in overseas countries	419	539
• Unrealised foreign exchange gains	234	120
• Exempt income	57	-
• Adjustment recognised for prior period	194	239
• Reinvestment allowance	-	147
• Foreign controlled entities tax losses not tax effected	329	150
• Other	-	173
Income tax expense/(benefit) attributable to entity	4,451	3,048
The applicable weighted average effective tax rates are as follows:	24%	22%

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note7: Key Management Personnel Compensation

(a) Key Management Personnel (KMP) Compensation

The total remuneration paid to KMP of the company and the Group during the year are as follows:

	Consolidated Group	
	2024	2023
	\$000	\$000
Short-term employee benefits	1,990	1,569
Post-employment benefits	150	118
Other long term benefits	69	37
	2,209	1,724

Refer to the remuneration report contained in the directors' report for remuneration paid or payable to each KMP

(b) Compensation Practices

In constructing, reviewing and determining the remuneration policy for Executive Directors and the senior executive team, the Board and Remuneration Committee have considered a number of factors including:

- the importance of attracting, retaining and motivating management of the appropriate calibre to further the success of the business;
- linking pay to performance by rewarding effective individual achievement as well as business performance; and
- the mix within the package which is designed to align personal reward with enhanced shareholder value over both the short and long-term.

The Executive Directors' and the senior executive team's package consists of two general components:

- fixed remuneration component consisting of base salary which executives may "salary sacrifice" and other benefits; and
- variable or "at risk" component consisting of an annual short term incentive plan for executives

Remuneration of the company's Non-Executive Directors is determined by the Board, based on the nature of their work, responsibilities and market comparisons. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders.

Notes To The Financial Statements

For The Year Ended 30 June 2024

CURRENT ASSETS

Note 8: Cash and cash equivalents

	Consolidated Group	
	2024 \$000	2023 \$000
Cash at bank and in hand (1)	16,802	12,337
Reconciliation of cash		
Cash at the end of the year as shown in the statement of cash Cash and cash equivalents	16,802	12,337
	<u>16,802</u>	<u>12,337</u>
<p>(1) Includes \$436,951 (2023:\$489,524) in advertising levies held by Waterco Ltd in its capacity as the franchisor of the Swimart network and included in other creditors (see note 16). Amounts are held in a separate bank account at year end in accordance with the franchise agreement and are not available for general use by Waterco Ltd.</p>		
Note 9: Trade and other receivables		
Trade receivables	37,117	16,166
Less: allowance for expected credit loss impairment of receivables	(613)	(425)
	<u>36,504</u>	<u>15,741</u>
Other receivables	1,080	1,365
	<u>37,584</u>	<u>17,106</u>

Movements in the allowance of expected credit loss of receivables are as follows:

	Opening Balance 1.7.2022 \$000	Charge for the Year \$000	Amounts Written Off \$000	Closing Balance 30.6.2023 \$000
Consolidated Group Current trade receivables	519	-	(94)	425
	Opening Balance 1.7.2023 \$000	Charge for the Year \$000	Amounts Written Off \$000	Closing Balance 30.6.2024 \$000
Consolidated Group Current trade receivables	425	207	(19)	613

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 9: Trade and other receivables (continued)

There are \$9,982,000 (2023: \$1,004,000) within trade and other receivables that are not impaired and are past due date. It is expected these balances will be received in full. Impaired receivables are provided for in full.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated Group							
2023							
Trade and term receivables	16,166	425	829	742	(160)	(407)	14,737
Other receivables	1,365						1,365
Total	17,531	425	829	742	(160)	(407)	16,102
2024							
Trade and term receivables	37,117	613	3,704	2,183	4,246	(151)	26,522
Other receivables	1,080						1,080
Total	38,197	613	3,704	2,183	4,246	(151)	27,602

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Consolidated Group	
	2024 \$000	2023 \$000
Note 10: Inventories		
Raw materials and stores at cost	7,968	13,546
Work in progress at cost	4,460	3,552
Finished goods at cost	82,811	37,052
Goods in transit at cost	7,563	2,538
Provision for inventory write-down	(8,005)	(6,543)
	94,797	50,145
Note 11: Other current assets		
Prepayments	3,134	2,643
	3,134	2,643

NON CURRENT ASSETS

Note 12: Interests in Subsidiaries

	Country of incorporation	Carries on business in	% owned	
			2024	2023
Parent Entity				
Waterco Limited	Australia	Australia	-	-
Controlled Entities of Waterco Limited:				
Davey Water Products Pty Ltd*	Australia	Australia	100	-
Swimart Pty Ltd	Australia	Australia	100	100
Zane Solar Systems Australia Pty Ltd	Australia	Australia	100	100
Swimart Network Pty Ltd	Australia	Australia	100	100
Ezera Systems Pty Ltd	Australia	Australia	60	60
Waterco USA Inc	USA	USA	100	100
Waterco Engineering Sdn Bhd	Malaysia	Malaysia	100	100
Waterco (Far East) Sdn Bhd	Malaysia	Malaysia	100	100
Watershoppe (M) Sdn Bhd	Malaysia	Malaysia	100	100
Baker Hydro (Far East) Sdn Bhd	Malaysia	Malaysia	100	100
Solar-Mate Sdn Bhd	Malaysia	Malaysia	100	100
Waterco (NZ) Ltd	New Zealand	New Zealand	100	100
Davey Water Products NZ Ltd*	New Zealand	New Zealand	100	-
Swimart (NZ) Ltd	New Zealand	New Zealand	100	100
Waterco (Guangzhou) Ltd	China	China	100	100
Waterco (Europe) Ltd	United Kingdom	United Kingdom	100	100
Davey Water Products SAS	France	France	100	-
PT Waterco Indonesia	Indonesia	Indonesia	51	51
Waterco International Pte Ltd	Singapore	Singapore	100	100
Medipool Pte Ltd	Singapore	Singapore	60	60
Guangzhou Waterco Environmental Technology Co Ltd	China	China	100	100
Waterco Vietnam Company Limited	Vietnam	Vietnam	100	100

*Acquired on 1 September 2023

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Consolidated Group	
	2024 \$000	2023 \$000
Note 13: Property, plant & equipment		
Freehold land at independent valuation	23,577	23,671
Freehold buildings at independent valuation	32,447	32,406
Less: accumulated depreciation	(1,176)	(258)
	31,271	32,148
Plant & equipment at cost	66,785	37,006
Less: accumulated depreciation	(52,740)	(26,985)
	14,045	10,021
Leased plant & equipment at cost	405	64
Less: accumulated depreciation	(37)	(31)
	368	33
Total written down value	69,261	65,873

Movements in Carrying Amounts

2024	Freehold Land \$000	Buildings \$000	Plant & Equipment \$000	Leased Plant \$000	Total \$000
Consolidated Group:					
Balance at the beginning of year	23,671	32,148	10,021	33	65,873
Effects of exchange rate changes	(94)	(61)	(52)	-	(207)
Additions	-	107	3,096	405	3,608
Additions through business combinations	-	-	4,754	-	4,754
Revaluation	-	-	-	-	-
Reclassification	-	-	-	-	-
Disposals	-	-	(235)	(19)	(254)
Depreciation expense*	-	(923)	(3,539)	(51)	(4,513)
Carrying amount at the end of year	23,577	31,271	14,045	368	69,261

*Depreciation expense that is absorbed into the cost of manufactured inventory is \$1,213,674

2023	Freehold Land \$000	Buildings \$000	Plant & Equipment \$000	Leased Plant \$000	Total \$000
Consolidated Group:					
Balance at the beginning of year	19,486	31,739	8,591	170	59,986
Effects of exchange rate changes	(250)	(93)	(103)	-	(446)
Additions	-	8	3,619	-	3,627
Revaluation	4,435	1,479	-	-	5,914
Reclassification	-	(371)	-	-	(371)
Disposals	-	-	(45)	(59)	(104)
Depreciation expense*	-	(614)	(2,041)	(78)	(2,733)
Carrying amount at the end of year	23,671	32,148	10,021	33	65,873

*Depreciation expense that is absorbed into the cost of manufactured inventory is \$1,161,230

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Consolidated Group	
	2024 \$000	2023 \$000
Note 13: Property, Plant & Equipment (continued)		
If Land & Buildings were stated at historic cost, amounts would be as follows:		
Cost	25,309	25,323
Less: Accumulated depreciation	(5,820)	(5,449)
Net book value	19,489	19,874

The Group's land and buildings were revalued as per the disclosures in note 1(k). The directors consider the carrying value of the land and buildings to be a fair reflection of their market value.

Note 14: Right of use Assets

Leased buildings	50,809	33,559
Accumulated depreciation	(20,483)	(16,558)
	30,326	17,001
Movement in carrying amount		
Leased buildings		
Opening net carrying amount	17,001	15,794
Addition to Right of use Asset	21,284	6,454
Depreciation expense	(7,959)	(5,247)
Closing net carrying amount	30,326	17,001

The consolidated entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to seven years.

Note 15: Intangible assets

Goodwill	1,071	1,071
Less: impairment	(222)	(169)
	849	902
Goodwill on consolidation	435	249
Less: impairment	(145)	(112)
	290	137
Product development costs	1,269	131
less: amortisation	-	-
	130	131
	1,269	1,170

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 15: Intangible assets (continued)

Movements in Carrying Amounts

	Goodwill on consolidation \$000	Goodwill \$000	Deferred expenditure \$000	Total \$000
Consolidated Group:				
Balance at the beginning of year	137	902	131	1,170
Additions	185	-	-	185
-Disposals	-	-	-	-
Effects of exchange rate changes	-	1	(1)	-
Impairment/amortisation expense	(32)	(54)	-	(86)
Carrying amount at the end of year	290	849	130	1,269

	Consolidated Group	
	2024 \$000	2023 \$000
CURRENT LIABILITIES		
Note 16: Trade and other payables - unsecured		
Trade creditors	21,017	7,807
Sundry creditors and accrued expenses (1)	7,292	4,546
	28,309	12,353
(1) Included in sundry creditors are advertising levies collected of \$436,951 (2023: \$489,524) and held by Waterco Ltd in its capacity as the franchisor of the Swimart network. These amounts are held in a separate bank account at year end (see Note 8).		
Note 17: Borrowings		
Bank loans - secured (refer Note 20)	6,480	404
Bank trade bills (refer Note 20)	2,494	2,568
Right of use lease liability	8,269	4,165
Unexpired interest	(471)	(395)
Lease liability	59	23
	16,831	6,765

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Consolidated Group	
	2024	2023
	\$000	\$000
Note 18: Taxes		
a) Liabilities		
Current		
Income Tax	1,824	595
Non Current Deferred tax liability comprises:		
Tax allowances relating to property, plant & equipment	1,906	2,525
Revaluation adjustments taken direct to equity	9,616	8,835
Other	(443)	(333)
	11,079	11,027
Parent entity DTA netted off against DTL	(4,773)	(4,773)
Consolidated DTL	6,306	6,254
b) Assets		
Current		
Income Tax	-	-
Deferred tax assets comprises:		
Provisions	4,886	2,231
Attributable to tax losses	4,080	4,086
Tax allowances relating to property, plant & equipment	(255)	(240)
Other	659	371
	9,370	6,448
Parent entity DTA netted off against DTL	(4,773)	(4,773)
Consolidated DTA	4,597	1,675
c) Reconciliations		
i. Gross Movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	(4,580)	(2,980)
Credit/(Charge) to statement of comprehensive income	2,871	(269)
Credit/(Charge) to equity	-	(1,331)
Closing Balance	(1,709)	(4,580)
ii. Deferred Tax Liability		
The movement in deferred tax liability for each temporary difference during the year is as follows:		
Tax allowances relating to property, plant & equipment		
Opening balance	1,723	1,677
Transfer to deferred tax asset	-	-
Credit/(Charge) to statement of comprehensive income	183	46
Closing balance	1,906	1,723

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Consolidated Group	
	2024 \$000	2023 \$000
Note 18: Taxes (continued)		
c) Reconciliations (continued)		
ii. Deferred Tax Liability (continued)		
Property revaluation adjustments taken direct to equity		
Opening balance	9,637	8,237
Net revaluations during current period taken direct to equity	(21)	1,400
Closing balance	9,616	9,637
Other		
Opening balance	(333)	(318)
Credit/(charge) to statement of comprehensive income	(110)	(15)
Closing balance	(443)	(333)
iii. Deferred Tax Assets		
The movement in deferred tax asset for each temporary difference during the year is as follows:		
Provisions		
Opening balance	2,232	2,396
Credit/(Charge) to statement of comprehensive income	2,654	(164)
Closing balance	4,886	2,232
Capital tax losses		
Opening balance	4,086	4,086
Credit/(Charge) to statement of comprehensive income	(6)	-
Closing balance	4,080	4,086
Tax allowances relating to Property plant & equipment		
Opening balance	(240)	(226)
Transfer from deferred tax liability		
Credit/(Charge) to statement of comprehensive income	(15)	(14)
Closing balance	(255)	(240)
Other		
Opening balance	369	359
Credit/(charge) to statement of comprehensive income	271	10
Closing balance	640	369
d) Deferred tax assets not brought to account the benefits of which can only be realised in if the conditions for deductibility set out in note 1e) occur - tax losses		
- Operating losses	1,798	2,100
	1,798	2,100

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Consolidated Group	
	2024	2023
	\$000	\$000
Note 19: Short-term provisions		
Employee Benefits (see note 1h)		
Opening Balance	3,394	3,964
Additional provisions	9,376	1,684
Amounts used	(3,775)	(2,254)
Closing Balance	8,995	3,394
Warranty	1,270	-
	10,265	3,394

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements (including bonuses \$1,828,714) (FY23 \$801,348) where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement.

NON-CURRENT LIABILITIES

Note 20: Borrowings

Bank loans - secured (1)	40,806	1,294
Right of use lease liability	22,743	13,272
Lease liability	307	-
	63,856	14,566

(1) Bank facilities of the group are secured by a first ranking general security interest over all the assets and undertakings of the parent entity (including a first registered mortgage over the Rydalmere Property), and corporate guarantees from the parent entity to the banks of an overseas subsidiary. That part of the facilities which are payable or subject to an annual review within 12 months, are classified as current. On 31 August 2023, the parent entity obtained bank facilities of \$75m from Westpac Banking Corporation to acquire the business of Davey Water Products Pty Ltd from GUD Holdings Ltd (now known as Amotiv Ltd). During the period to 30 June 2024, the parent entity repaid \$18.2m of these bank facilities.

The remaining bank facilities of \$56.8m relating to the parent entity mature on 31 August 2026. As at 30 June 2024, the parent entity has drawn \$47.22m of these facilities (2023: nil) with an average interest rate payable of 5.97%. That part of the bank facility which is repayable within one year (\$6.4m) is shown as bank loans-secured in current borrowings in note 17). Bank Facilities of RM51.5m (\$A16.601m) relate to a subsidiary and are due to mature between November 2024 and July 2029. As at 30 June 2024 an amount of \$A2.98m has been drawn and shown in Note 17 Current Borrowings: Bank loans secured \$A0.08m and Bank trade bills \$A2.494m and in Note 20 as Non Current borrowings Bank loans secured \$0.406m. These loans bear an interest of 4.01%-7.06% and are repayable by monthly installments.

Note 21: Long-term provisions

Employee Benefits (see note 1h)		
Opening balance	238	213
Additional provisions	295	25
Amounts used	-	-
Closing balance	533	238
a) Aggregate employee entitlement liability	9,528	3,632
b) Number of employees at year end	989	742

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Consolidated Group	
	2024 \$000	2023 \$000
Note 22: Issued capital		
Ordinary shares are classified as equity.		
35,184,767 ordinary shares fully paid at beginning of the year (2023: 35,493,146)	33,643	34,847
On 31 October 2023, 11,759 shares were purchased at \$4.00 and cancelled under Waterco Ltd Share-buyback Scheme	(47)	-
On 31 May 2024, 7,066 shares were purchased at \$4.80 and cancelled under Waterco Ltd Share-buyback Scheme	(34)	-
On 31 July 2022, 100,885 shares were purchased at \$3.74 and cancelled under Waterco Ltd Share-buyback Scheme	-	(377)
On 31 August 2022, 14,424 shares were purchased at \$3.74 and cancelled under Waterco Ltd Share-buyback Scheme	-	(55)
On 30 September 2022, 67,485 shares were purchased at \$4.00 and cancelled under Waterco Ltd Share-buyback Scheme	-	(270)
On 31 October 2022, 47,002 shares were purchased at \$4.00 and cancelled under Waterco Ltd Share-buyback Scheme	-	(188)
On 30 November 2022, 8,104 shares were purchased at \$4.00 and cancelled under Waterco Ltd Share-buyback Scheme	-	(32)
On 31 December 2022, 4,517 shares were purchased at \$4.00 and cancelled under Waterco Ltd Share-buyback Scheme	-	(18)
On 31 January 2023, 18,513 shares were purchased at \$4.00 and cancelled under Waterco Ltd Share-buyback Scheme	-	(74)
On 28 February 2023, 2,969 shares were purchased at \$3.95 and cancelled under Waterco Ltd Share-buyback Scheme	-	(12)
On 31 March 2023, 248 shares were purchased at \$4.00 and cancelled under Waterco Ltd Share-buyback Scheme	-	(1)
On 30 April 2023, 3,721 shares were purchased at \$4.00 and cancelled under Waterco Ltd Share-buyback Scheme	-	(15)
On 31 May 2023, 4,722 shares were purchased at \$4.00 and cancelled under Waterco Ltd Share-buyback Scheme	-	(19)
On 30 June 2023, 35,789 shares were purchased at \$3.60 and cancelled under Waterco Ltd Share-buyback Scheme	-	(143)
35,165,942 ordinary shares fully paid at the end of the year (2023: 35,184,767)	33,562	33,643

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 22: Issued capital (continued)

Ordinary shares

Ordinary shares are classified as equity

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

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and, upon a poll, each share shall have one vote.

Share buy-back

On 30 June 2022, the company announced a seventh share buyback of \$3,000,000 worth of shares (approximately 833,333 shares) commencing on 1 July 2022 and ending on 30 June 2023 (or earlier if the \$3,000,000 is purchased before then). During the current year, the company purchased and cancelled nil shares. (2023: 308,379) shares costing \$nil (2023:\$1,204,011).

This Share buyback expired on 30 June 2023.

On 17 July 2023, the company announced an eighth share buyback of \$1,000,000 worth of shares (approximately 226,244 shares) commencing on 18 July 2023 and ending on 2 July 2024 (or earlier if the \$1,000,000 is purchased before then). During the current year, the company purchased and cancelled 18,825 shares. (2023: nil) shares costing \$80,735 (2023: nil).

After balance sheet date 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).

Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains between 30% and 70%. The gearing ratios for the year ended 30 June 2024 and 30 June 2023 are as follows:

	Consolidated Group	
	2024 \$000	2023 \$000
Total borrowings	80,687	21,331
Less cash and cash equivalents	(16,802)	(12,337)
Net debt	63,885	8,994
Total equity	129,846	121,234
Total capital	193,731	130,228
Gearing ratio	33%	7%

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Note No.	Consolidated Group	
		2024 \$000	2023 \$000
Note 23: Reserves			
a) Capital profits		211	211
The capital profits reserve relates to non taxable profits on sale of property.			
b) Foreign currency translation		(6,921)	(6,017)
The foreign currency translation reserve records exchange differences on translation of foreign controlled subsidiaries and the exchange gains and losses on hedges of the net investment in foreign operations.			
c) Asset revaluation reserve			
Balance at the beginning of the year			
		30,689	26,444
Property revaluation increment (net of tax and reinstatement)			
		-	382
Effect of foreign exchange changes on translation			
		(64)	3,863
Balance at the end of the year			
		30,625	30,689
The asset revaluation reserve records the revaluation of land and buildings to fair value			
d) Share Options Reserve			
Balance at the beginning of the year			
		26	13
Share option increment			
		30	13
Balance at the end of the year			
		56	26
The share options reserve records the cost of the share option plan			
		23,971	24,909
Note 24: Retained earnings			
Opening retained earnings			
		62,314	54,992
Net profit attributable to the members of the parent entity			
		13,905	10,846
Dividends paid			
	30	(4,220)	(3,524)
Closing retained earnings			
		71,999	62,314

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Note No.	Consolidated Group	
		2024 \$000	2023 \$000
Note 25: Non-controlling interest			
Issued capital		176	176
Retained profits		138	192
		314	368
Non-controlling interest equity holding in subsidiaries:			
Ezera Systems Pty Ltd		40%	40%
PT Waterco Indonesia		49%	49%
Medipool Pte Ltd		40%	40%
Note 26: Lease commitments			
Finance leases			
Lease expenditure contracted and provided for:			
not later than one year		82	23
later than one year but not later than five years		354	-
Total minimum lease commitments		436	23
Less: future finance charges		70	-
Lease liability		366	23
Current portion	17	59	23
Non-current portion	20	307	-
		366	23

Finance leases of 3 or 4 years are taken out on motor vehicles, forklifts and IT equipment with an option to purchase the asset at the end of the lease term at a residual of 30% to 45% depending on the asset.

Note 27: Contingent Liabilities

Estimate of the maximum amount of contingent liabilities that may become payable

Corporate guarantees provided by the parent company to overseas banks to secure loans for a subsidiary

2,229	4,225
2,229	4,225

Note 28: Related Parties

Transactions with director related parties

(i) Sales made to Asiapools (M) Sdn Bhd. Mr S S Goh, a shareholder has significant influence over Asiapools (M) Sdn Bhd.	163	361
(ii) Payments made to Mint Holdings Pty Ltd for rental of warehouses, offices and a retail shop Mr S S Goh is a director and shareholder of Mint Holdings Pty Ltd	770	721
(iii) Payments received from Mint Holdings Pty Ltd for rental of office space	4	9

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 29: Operating Segments

Segment Information

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of location since the group's operations have similar risk profiles and performance criteria. Operating segments are therefore determined on the same basis.

The group operates predominantly in one industry being the manufacture and wholesale of water treatment irrigation products, 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.

Basis of accounting for the purposes of reporting by operating segments

Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. The price is reviewed annually (unless special circumstances arise) and is based on what would be realised in the event the sale was made to an external party at arm's length under the same terms and conditions. All such transactions are eliminated on consolidation for the Group's financial statements.

Corporate charges are allocated to reporting segments based on the services provided to those reporting segments. Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted

to fair value based on market interest rates.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where is a direct nexus between the incurrence of the liability and the operations of the segment.

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- other revenues

Notes To The Financial Statements

For The Year Ended 30 June 2024

	2024			
	AUSTRALIA & NEW ZEALAND	ASIA	NORTH AMERICA & EUROPE	CONSOLIDATED GROUP
	\$000	\$000	\$000	\$000
REVENUE				
Sales to customers outside the consolidated group	189,354	13,701	36,037	239,092
Intersegment sales	10,178	34,608	455	45,241
Total segment revenue	199,532	48,309	36,492	284,333
Reconciliation of segment revenue to group revenue				
Other revenue				5,753
Intersegment elimination				(45,241)
Total group revenue				244,845
Segment Net Profit Before Tax	16,835	3,880	3,340	24,055
Reconciliation of segment result to group net profit before tax				
Unallocated items				24,055
- other				(5,753)
Net profit before tax				18,302
SEGMENT ASSETS	273,395	78,180	18,346	369,921
Segment asset increases for the period				
Reconciliation of segment assets to group assets				
Intersegment eliminations				(112,151)
Total group assets				257,770
CAPITAL EXPENDITURE	6,758	1,199	406	8,363
SEGMENT LIABILITIES	137,801	38,577	10,880	187,259
Reconciliation of segment liabilities to group liabilities				
Intersegment eliminations				(59,334)
Total group liabilities				127,924

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 29: Operating Segments (continued)

Geographical Segments

	2023			
	AUSTRALIA & NEW ZEALAND	ASIA	NORTH AMERICA & EUROPE	CONSOLIDATED GROUP
	\$000	\$000	\$000	\$000
REVENUE				
Sales to customers outside the consolidated group	87,033	15,834	26,183	129,050
Intersegment sales	929	38,532	577	40,038
Total segment revenue	87,962	54,366	26,760	169,088
Reconciliation of segment revenue to group revenue				
Other revenue				4,949
Intersegment elimination				<u>(40,038)</u>
Total group revenue				<u>133,999</u>
Segment Net Profit Before Tax	9,465	6,345	2,992	18,802
Reconciliation of segment result to group net profit before tax				
Unallocated items - other				18,802
Net profit before tax				<u>(4,949)</u> <u>13,853</u>
SEGMENT ASSETS	133,459	73,739	9,746	216,944
Segment asset increases for the period				
Reconciliation of segment assets to group assets				
Intersegment eliminations				<u>(48,993)</u>
Total group assets				<u>167,951</u>
CAPITAL EXPENDITURE	1,566	1,934	127	3,627
SEGMENT LIABILITIES	49,078	36,223	11,226	96,527
Reconciliation of segment liabilities to group liabilities				
Intersegment eliminations				<u>(49,810)</u>
Total group liabilities				<u>46,717</u>

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Consolidated Group	
	2024 \$000	2023 \$000
Note 30: Dividends Paid or Proposed		
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.		
Final fully franked ordinary dividend of 5c per share (2023:5c) franked at the tax rate of 30% paid	1,759	1,763
Interim fully franked ordinary dividend of 7c per share (2023:5c) franked at the tax rate of 30% paid	2,462	1,761
	4,221	3,524
Proposed final fully franked ordinary dividend of 8c per share (2023: 5c) franked at the tax rate of 30%	2,813	1,759
Balance of franking account at year end adjusted for franking credits arising from payment of income tax payable, payment of proposed dividends and franking credits not available for distribution	4,384	6,450
Note 31: Earnings Per Share		
<u>Basic earnings per share</u>		
Basic earnings per share is calculated by dividing the profit (after tax) attributable to members of Waterco Ltd by the weighted average number of ordinary shares outstanding during the financial year adjusted for any share issues and share buybacks that have taken place during the year.		
<u>Diluted earnings per share</u>		
Diluted earnings per share adjusts the figures used in the calculation of the basic earnings per share after income tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.		
Net Profit	13,851	10,805
Net Profit/(loss) attributable to outside equity interest	(54)	(41)
Earnings used in the calculation of basic EPS	13,905	10,846
a) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	35,175	35,291
b) Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	35,175	35,291

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 32: Employee Benefits

Share Option Plan

This plan was approved by the Board on 24 June 2021

Its objective is to encourage employees to acquire ordinary shares in the company in order to promote the long term success of the company.

On 23 August 2021, the company issued the following options to three senior executives at an exercise price of \$3.15 per share (being the Volume Weighted Average Price (VWAP) of Waterco Shares for the 5 days preceding date of issue) under this plan.

Senior Executive	Position	No of Options	Tranche 1	Tranche 2	Tranche 3
Mr Gerard Doumit	CFO	100,000	33,000	33,000	34,000
Mr Marchal De Pasuale	CEO Waterco USA	100,000	33,000	33,000	34,000
Mr Tony Fisher	CEO Waterco Nth America and Waterco Europe	150,000	50,000	50,000	50,000

The Options will vest in 3 tranches in accordance with the Exercise Periods set out below provided the Vesting Condition (EBIT) for each year has been met and the executives remain employed by the Waterco Group at the beginning of the Exercise Period.

Tranche	Exercise Period	Vesting Condition	EBIT
1	23/8/22-23/8/31	30 June 2022	\$10,338,853
2	23/8/23-23/8/31	30 June 2023	\$11,278,748
3	23/8/24-23/8/31	30 June 2024	\$12,218,644

All 3 executives have met the Vesting Condition for Tranche 1 as the EBIT for the financial year ending 30 June 2022 has exceeded \$10,338,853. Each executive may now exercise the options for Tranche 1 anytime from now until 23 August 2031.

All 3 executives have met the Vesting Condition for Tranche 2 as the EBIT for the financial year ending 30 June 2023 has exceeded \$11,278,748. Each executive may now exercise the options for Tranche 2 anytime from now until 23 August 2031.

All 3 executives have met the Vesting Condition for Tranche 3 as the EBIT for the financial year ending 30 June 2024 has exceeded \$12,218,644. Each executive may now exercise the options for Tranche 2 anytime from now until 23 August 2031.

On 28 November 2023, Waterco Ltd issued 765,000 options at an exercise price of \$4.19 per share (being the Volume Weighted Average Price (VWAP) of Waterco Shares for the 5 days preceding date of issue) under this plan to senior executives of Waterco Ltd Group.

Senior Executive	Position	No of Options	Tranche 1	Tranche 2	Tranche 3
Ms Joanne Ainsworth	CCO, Waterco Ltd	90,000	30,000	30,000	30,000
Mr Rick Graham	Senior Executive, Waterco Ltd	90,000	30,000	30,000	30,000
Mr Sin Wei Yong	Company Secretary, Waterco Ltd	75,000	25,000	25,000	25,000
Mr Terence Yong	Director, Davey	75,000	25,000	25,000	25,000
Mr Peter Wolff	COO, Davey	120,000	40,000	40,000	40,000
Mr Joel Gresham	Senior Executive, Davey	90,000	30,000	30,000	30,000
Mr Thomas Fisher	Senior Executive, Davey	90,000	30,000	30,000	30,000
Mr Kok Yong Lee	CEO, Waterco Far East Sdn Bhd	75,000	25,000	25,000	25,000
Mr Zao Cheong Koo	Senior Executive, Waterco Far East Sdn Bhd	60,000	20,000	20,000	20,000

Notes To The Financial Statements

For The Year Ended 30 June 2024

The Options will vest in 3 tranches in accordance with the Exercise Periods set out below provided the Vesting Condition for each year has been met and the Senior Executives remain employed by Waterco Limited Group at the beginning of the Exercise Period

Tranche	Exercise Period	Vesting Condition	GROUP EBIT/SALES RATIO MINIMUM
1	28/11/24-28/11/33	30 June 2024	8%
2	28/11/25-28/11//33	30 June 2025	9%
3	28/11/26-28/11/33	30 June 2026	10%

On 20 March 2024, Waterco Ltd issued 60,000 options at an exercise price of \$5.09 per share (being the Volume Weighted Average Price (VWAP) of Waterco Shares for the 5 days preceding date of issue) under this plan to a senior executive of Waterco Ltd Group.

Senior Executive	Position	No of Options	Tranche 1	Tranche 2	Tranche 3
Mr Sean Watt	Senior Executive, Davey	60,000	20,000	20,000	20,000

The Options will vest in 3 tranches in accordance with the Exercise Periods set out below provided the Vesting Condition for each year has been met and the Senior Executives remain employed by Waterco Limited Group at the beginning of the Exercise Period

Tranche	Exercise Period	Vesting Condition	GROUP EBIT/SALES RATIO MINIMUM
1	20/3/25-20/3/34	30 June 2024	8%
2	20/3/26-20/3//34	30 June 2025	9%
3	20/3/27-20/3/34	30 June 2026	10%

Nil options were exercised during the period.

Note 33: Business Combinations Acquisition of Davey Water Products Pty Ltd

On 1 September 2023, Waterco Ltd completed the purchase of 100% of the Davey Group from GUD Holdings Ltd.

The purchase of Davey Group comprises Davey Water Products Pty Ltd and its fully owned subsidiaries Davey Water Products NZ Ltd (based in New Zealand) and Davey Water Products SAS (based in France) for the total consideration of \$59,390,552.

The acquisition is expected to provide the Group with synergies in three key areas:

- Increased market share in the Australian water treatment and pool equipment market;
- Enhanced product offerings;
- Improved operational efficiency leading to lower costs and better customer service.

From the date of acquisition, Davey has contributed \$109.52m of revenue and \$10.517m to the net profit before tax from the continuing operations of the Group. If the acquisition had taken place at the beginning of the financial year, revenue from continuing operations would have been \$126.74m and net profit before tax from continuing operations of the group would have been \$9.831m

Contingent Consideration

There is no contingent consideration payable.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Identifiable assets acquired, and liabilities assumed

The fair value of (company acquired) net assets acquired and the resulting goodwill and tax balances have now been complete and the acquisition is disclosed as final.

The fair values of the identifiable assets and liabilities of Davey as at the date of acquisition were:

Identifiable Assets & Liabilities	\$Fair Values 30 June 2024
Cash and cash equivalents	5,014,957
Trade & Other Receivables	18,536,936
Inventories	48,855,862
Other assets	886,239
Property, plant and equipment	4,754,340
Deferred tax assets	2,315,908
Trade and other payables	(13,707,862)
Provision for employee benefits	(4,671,614)
Provision for warranty	(2,775,900)
Provision for tax	(3,585)
Total identifiable net assets acquired	59,205,281
Net Assets Acquired	59,205,281
Consideration Paid	59,390,552
Goodwill	185,271
Acquisition costs expensed in profit and loss	1,061,546
Cash used to acquired the business, net of cash acquired:	
Acquisition date fair value of the total consideration transferred	59,390,552
Less: cash and cash equivalents	(5,014,957)
Net cash used	54,375,595

Goodwill

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Davey with those of the Waterco Group. The goodwill is not deductible for income tax purposes.

The value of the Group's balance of goodwill (on consolidation) at 30 June 2023 was \$249,000. As a result of the acquisition, the Group has recognised additional goodwill (on consolidation) of \$0.186m during the period, and accordingly, the closing balance of goodwill (on consolidation) at 30 June 2024 was \$0.435m

Goodwill (on consolidation) arising from the acquisition has been recognised as follows:

	\$
Total consideration	59,390,552
Less: Fair Value of identifiable net assets	59,205,281
Goodwill on consolidation	185,271

Borrowings

A summary of Westpac debt facilities used to fund this acquisition are as follows:

	Maturity Date	Drawn / Utilised \$000	Repaid \$000	Estimated Balance 30/6/24 \$000
Bank Bills - 3 Year Facility	31/8/2026	25,500	15,200	10,300
Bank Bills - 3 Year Facility	31/8/2026	23,000	-	23,000
Bank Bills - 3 Year Facility	31/8/2026	16,500	-	16,500
		65,000	15,200	49,800

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 34: Events Subsequent to Reporting Date

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).

On 28 August 2024, Waterco declared a final dividend payment of 8 cents per share, payable to shareholders on 15 November 2024.

There were no other reportable events subsequent to balance date.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 35: Financial Risk Management

The Audit Committee (AC) has been delegated responsibility by the Board of Directors for, amongst other issues, monitoring and managing financial risk exposures of the Group. The AC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, financing risk and interest rate risk. The AC meets on a bi-monthly basis and minutes of the AC are reviewed by the Board.

The AC's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

The main risks the group is exposed to through its financial instruments are interest rate risk, credit risk, foreign currency risk, liquidity risk and price risk

(a) Interest Rate Risk

The consolidated group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities.

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk is managed through maintenance of procedures in relation to approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers. Such monitoring is used in assessing receivables for impairment. Depending on the subsidiary, credit terms are generally 30 days from invoice month.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts and interest rate swaps is the net fair value of these contracts as disclosed in (c).

The Group has no single concentration of credit risk with any single debtor or group of debtors. However, on a geographical basis, the group has significant credit exposure to Australia, New Zealand and USA given the substantial operations in those regions.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 9.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. Management closely monitors receivable balances on a monthly basis and is in regular contact with its customers to mitigate risk.

The parent entity is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods in currencies other than the group's measurement currency.

The parent entity has forward contracts in place at balance date relating to highly probable forecast transactions. These contracts commit the group to buy and sell specified amounts of foreign currencies in the future at specified exchange rates.

Contracts are taken out with terms that reflect the underlying settlement terms of the commitment to the maximum extent possible so that hedge ineffectiveness is minimised

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 35: Financial Risk Management (continued)

(c) Foreign Currency Risk (continued)

The following table summarises the notional amounts of the Group (and parent entity) commitments in relation to forward exchange contracts..

	Notional Amounts		Average Exchange Rate	
	2024 \$000	2023 \$000	2024 \$000	2023 \$000
Consolidated Group (and Parent Entity)				
Buy USD/Sell AUD				
- Less than 6 months	-	-	-	-

d) Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Financial liability and financial asset maturity analysis.

Consolidated Group	Within 1 Year		1 to 5 Years		Over 5 years		Total	
	2024 \$000	2023 \$000	2024 \$000	2023 \$000	2024 \$000	2023 \$000	2024 \$000	2023 \$000
Financial Assets								
Cash	16,802	12,337	-	-	-	-	16,802	12,337
Receivables	37,584	17,105	-	-	-	-	37,584	17,105
Total anticipated inflows	54,386	29,442	-	-	-	-	54,386	29,442
Financial Liabilities								
Bank overdraft	-	-	-	-	-	-	-	-
Bank loans	8,974	2,972	40,806	1,294	-	-	49,780	4,266
Trade and other payable	28,309	14,905	-	-	-	-	28,309	14,905
Right of use lease liability	7,798	3,770	22,743	13,272	-	-	30,541	17,042
Lease liability	59	23	307	-	-	-	366	23
Total contractual outflows	45,140	21,670	63,856	14,566	-	-	108,996	36,236
Less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	45,140	21,670	63,856	14,566	-	-	108,996	36,236
Net (outflow)/ inflow on financial instruments	9,246	7,772	(63,856)	(14,566)	-	-	(54,610)	(6,794)

e) Price Risk

Price risk relates to the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities;

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 35: Financial Risk Management (continued)

Net Fair Values

The net fair value of bank overdrafts, bank loans and lease liabilities is determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value. Their net fair value is adjusted for any costs involved in settling the instrument.

	2024		2023	
	Carrying Amount \$000	Net Fair Value \$000	Carrying Amount \$000	Net Fair Value \$000
Financial Assets				
Cash at bank and in hand	16,802	16,802	12,337	12,337
Receivables	37,584	37,584	17,105	17,105
	54,386	54,386	29,442	29,442
Financial Liabilities				
Bank overdraft	-	-	-	-
Bank loans	49,780	50,278	4,266	4,309
Lease liabilities	366	384	23	24
Right of use lease liability	30,541	30,541	17,042	17,042
	80,687	81,203	21,331	21,375

For financial assets and other liabilities, the net fair value approximates their carrying value. Financial assets where the carrying amount exceeds the net fair values have not been written down as the consolidated group intends to hold these assets to maturity.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and exchange rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. The sensitivity assumes the movement in a particular variable is independent to other variables.

	Consolidated Group	
	Profit \$000	Equity \$000
Year ended 30 June 2024		
+/- 2% in interest rates	+/-1,086	+/-1,086
+/- 5% in \$A/\$US	+/-1,257	+/-1,257
Year ended 30 June 2023		
+/- 2% in interest rates	+/-150	+/-150
+/- 5% in \$A/\$US	+/-1,471	+/-1,471

Notes To The Financial Statements

For The Year Ended 30 June 2024

	Consolidated Group	
	2024	2023
	\$000	\$000
Note 35: Cash Flow Information		
Reconciliation of cash flows from operations with profit after income tax.		
Profit after income tax	13,851	10,805
Non-cash flows in profit		
Depreciation	12,459	8,227
Rental income	(4,349)	(3,712)
Impairment and amortisation	86	78
(Profit)/loss on sale of non current assets	(235)	(15)
Changes in Assets and Liabilities:		
Trade debtors	(2,363)	406
Provision for doubtful debts	93	(95)
Other debtors	303	(215)
Inventories	4,144	(1,458)
Prepayments	396	(1,566)
Deferred tax assets	(607)	168
Expenditure carried forward	-	(129)
Trade creditors	1,144	(661)
Contract liabilities	(2,551)	2,551
Other creditors	(403)	(722)
Provision for employee benefits	1,224	(544)
Provision for tax	1,226	(1,952)
Provision for deferred tax	52	9
Share options reserve	29	13
Cashflow - Non Operating Activities:		
Dividends Received	(1)	(1)
Cash Flows provided by operations	24,498	11,187

b) Non Cash Financial and investment activities

1) Property, Plant and Equipment

During the year, the consolidated group acquired plant and equipment with an aggregate fair value of \$405,496 (2023:\$nil) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

c) Financing Facilities

The following lines of credit were available at balance date:

Fully Drawn Advance Facilities	73,268	23,751
Master lease facilities	-	1,750
	73,268	25,501
Amount utilised	(33,324)	7,961
Amount not utilised	39,944	33,462

The Fully Drawn Advance Facilities of the parent entity are due to expire on 31 August 2026. The parent entity expects to renew these facilities on expiry date. (refer to note 20)

The Fully Drawn Advance Facilities of the controlled entity are due to expire on 30 November 2024 and 30 July 2029. The controlled entity expects to renew these facilities on expiry date. (refer to note 20)

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 37: Fair Value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- derivative financial instruments;
- freehold land and buildings;

The Group subsequently measures some items of freehold land and buildings at fair value on a non-recurring basis.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

a. Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement. They can be categorised as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The evaluation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. A change in those inputs might result in a significantly higher or lower fair value measurement. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 36: Fair Value Measurements (continued)

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

30 June 2024					
	Note No	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Recurring fair value measurements					
Non-financial assets					
Freehold land	13	-	-	23,577	23,577
Freehold buildings	13	-	-	31,271	31,271
Total non-financial assets recognised at fair value on a recurring basis					
Total non-financial assets recognised at fair value					

30 June 2023					
	Note No	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Recurring fair value measurements					
Non-financial assets					
Freehold land	13	-	-	23,671	23,671
Freehold buildings	13	-	-	32,148	32,148
Total non-financial assets recognised at fair value on a recurring basis					
Total non-financial assets recognised at fair value					

b. Valuation Techniques and Inputs Used to Measure Level 3 Fair Values

Description	Fair Value at 30 June 2024 \$000	Valuation Technique(s)	Inputs Used
Non-financial assets			
Freehold land ⁽ⁱ⁾	23,577	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per hectare; market borrowing rate
Freehold buildings ⁽ⁱ⁾	31,271	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre; market borrowing rate
	54,848		

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations from independent valuers. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and/or discounted cash flow methodologies.

(ii) There were no changes during the period in the valuation techniques used by the Group to determine Level 3 fair values.

Notes To The Financial Statements

For The Year Ended 30 June 2024

Note 37: Fair Value Measurements (continued)

c. Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:

- lease liability;
- bank debt;

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

Description	Note	Fair Value Hierarchy Level	Valuation Technique(s)	Inputs Used
Liabilities				
Lease liability	35	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments
Bank debt	35	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements.

Note 38: Company Details

The registered office and principal place of business of the company is:

Waterco Limited
36 South Street
Rydalmere NSW 2116

Directors' Declaration

In accordance with a resolution of the directors of Waterco Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 42 to 88 are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS);
 - b. give a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date of the consolidated group; and
 - c. that the opinion has been formed on the basis of a sound system of risk management and internal control adopted by the Board, and that this system is operating efficiently;
2. the information disclosed in the attached consolidated entity disclosure statement is true and correct.
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
4. the directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.



Chief Executive Officer

Dated at Sydney this 9 September 2024

Independent Auditor's Report

to the members of Waterco Ltd



RSM Australia Partners

Level 13, 60 Castlereagh Street

Sydney

NSW 2000

Australia

T +61 (02) 8226 4500

F +61 (02) 8226 4501

rsm.com.au

INDEPENDENT AUDITOR'S REPORT

To the Members of Waterco Limited

Opinion

We have audited the financial report of Waterco Limited (the Company), and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report

to the members of Waterco Ltd



Key Audit Matter	How our audit addressed this matter
<p>Recognition of Revenue Refer to Note 1 (m) in the financial statements</p>	
<p>We focused on this area due to the significant value of revenue for the Group, \$244.8 million (2023: \$133.9 million), the risk of revenues being recognised in the incorrect periods through cut-off errors and the risk of management override of the revenue recognition process leading to inappropriate timing or amount of revenue recognised.</p>	<p>We have:</p> <ul style="list-style-type: none"> Assessed whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards Tested the operating effectiveness of controls over the timing and validity of revenue recognition, Performed detailed testing on a sample of sales transactions from origination through to the general ledger and in the reverse direction to ensure that revenue recognised was complete and was recorded in the appropriate period to address the risk of cut off errors. Performed cut-off testing on deliveries before and after year end to ensure that revenue is recognised in the correct period.
<p>Provision for Inventory Write Down Refer to Note 1 (d) in the financial statements</p>	
<p>As at 30 June 2024, the Group held gross inventories of \$94.8 million against which there was a provision for impairment of \$8.0 million. The Group's inventory balance consists primarily of finished goods held either for resale or to meet warranty obligations.</p> <p>The provision for inventory write down was considered a key audit matter due to the materiality of the balance and the significant judgement involved in the quantification of the provision, including the risks of product obsolescence or changing future market conditions.</p>	<p>We have:</p> <ul style="list-style-type: none"> Reviewed, recalculated and assessed the level of inventory provisioning for reasonableness, including consideration of the inventory ageing, and both historical and post year end performance and inventory turnover. Tested the net realisable value of inventory held through review of post year end sales transactions. Assessed aged and obsolete inventory when attending inventory counts.



Independent Auditor's Report

to the members of Waterco Ltd



Key Audit Matter	How our audit addressed this matter
Business Combination Refer to Note 33 in the financial statements	
<p>During the year, the Group acquired 100% of the share capital of Davey Water on 31 August 2023 for total consideration of \$59,390,552.</p> <p>On acquisition, the Group was required to determine the fair value of the identifiable assets and liabilities acquired assumed in the acquiree. The determination of the fair value of these assets and liabilities required the exercise of significant management judgement, in particular, where their values differ significantly from book value, to ensure the completeness of assets and liabilities identified in relation to the fair value adjustments applied to the book values of other assets acquired.</p> <p>We consider these estimates to be significant audit risks because of the impact the acquisition may have on the financial statements, and the inherent judgement involved in estimating the fair value of the assets and liabilities acquired.</p>	<p>We have:</p> <ul style="list-style-type: none"> • Obtained and reviewed the share sale agreement and assessed the process that management had undertaken to determine the fair value of the assets and liabilities acquired. • Verified the consideration paid and the structure of the acquisition as reflected in the financial statements to the share sale agreement. • Assessed whether the classification as a business combination and treatment of the various aspects of the transaction were in accordance with AASB 3 Business Combinations. • Challenged the key assumptions and methodologies used by the Group to identify the identifiable assets and liabilities acquired and determination of their fair values. • Considered the completeness and adequacy of the disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and



Independent Auditor's Report

to the members of Waterco Ltd



For such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 33 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Waterco Limited, for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized signature in grey ink, appearing to read 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in grey ink, appearing to read 'C J Hume'.

C J Hume
Partner

Sydney, NSW

Dated: 10 September 2024



Shareholder Information

For The Year Ended 30 June 2024

(a) Distribution of Shareholders as at 9 September 2024

	Range		Total Holders	Options
1	-	1,000	294	-
1,001	-	5,000	160	-
5,001	-	10,000	52	-
10,001	-	100,000	60	-
100,001	-	and over	25	-
			591	

(b) Marketable Parcel

28 shareholders hold less than a marketable parcel..

(c) Substantial Shareholders

The following information is extracted from the company's register as at 9 September 2024

Name	Number of shares
S S Goh Group	21,721,853
Redbrook Nominees Pty Ltd	3,116,681
Acres Holdings Pty Ltd	2,623,856

(d) Voting Rights

For all shares, voting rights are one vote per member on a show of hands and one vote per share on a poll

(e) Twenty Largest Shareholders

The twenty largest shareholders hold 93.18% of the total shares issued.

	Name	Number of shares	%
1	Mr Soon Sinn Goh	19,221,853	54.66
2	Redbrook Nominees Pty Ltd	3,116,681	8.86
3	Acres Holdings Pty Ltd	2,623,856	7.46
4	Goh Lai Huat & Sons Sdn Bhd	2,500,000	7.11
5	Mr Soon Leong Goh	681,384	1.94
6	Mr Swee Kheong Goon	562,717	1.60
7	Mrs Christine Goh	500,000	1.42
8	Mr Shane Goh	470,346	1.34
9	Mrs Janet Swee Nyet Goh	447,112	1.27
10	Mr Chu Shien Chang	340,281	0.97
11	GWK Corporation Pty Ltd	334,387	0.95
12	Deuteronomy Pty Ltd (Dennis Hambleton SF A/C)	300,000	0.85
13	Brazil Enterprises Pty Ltd	295,173	0.84
14	Leitch Pty Ltd (Leitch Super Fund A/C)	258,387	0.73
15	Mr Tiow Lip Lee	245,386	0.70
16	Ms May-Yin Goh	225,267	0.64
17	Mr Bryan Weng Keong Goh	205,734	0.59
18	Mr Khoon Ping Kuok	173,000	0.49
19	Protango Pty Ltd (BFHunt SF A/C)	170,223	0.48
20	DWS Nominees Pty Ltd	95,130	0.27
	TOTAL	32,766,917	93.18

(f) Stock Exchange Listing

The shares of Waterco Limited are listed on the Australian Stock Exchange under the trade symbol WAT.

Corporate Directory

Directors

Soon Sinn Goh
Bryan Goh
Ben Hunt
Judy Raper
Wayne Beauman

Secretaries

Gerard Doumit
Sin Wei Yong

Registered office and principal place of business

36 South Street, Rydalmere NSW 2116
Tel: + 61 2 9898 8600
Fax: + 61 2 9898 1877
Website: www.waterco.com.au
E-mail: companysecretary@waterco.com

Share Registry

Computershare Investor Services Pty Limited
GPO Box 2975, Melbourne VIC 3001
Tel: 1300 850 505

Offices – Australia NSW

36 South Street, Rydalmere NSW 2116
Tel: + 61 2 9898 8600

QLD

77 Nealdon Drive,
Meadowbrook QLD 4131
Postal Address: PO Box 606
Springwood QLD 4127
Tel: + 61 7 3299 9999

VIC

Unit 1, 6 Samantha Court,
Knoxfield Vic 3180
Tel: + 61 3 9764 1211

WA

2 Stretton Place, Balcatta WA 6021
Tel: + 61 8 9273 1900

SA

580 Torrens Road, Woodville North SA 5012
Tel: + 61 8 8244 6000

Autopool Division

QLD

77 Nealdon Drive, Meadowbrook QLD 4131
Tel: +617 3277 4958

WA

2 Stretton Place, Balcatta WA 6021
Tel: +618 9362 4022

Auditors

RSM Australia Partners
Level 13,
60 Castlereagh St, Sydney, NSW 2000

Banker

Westpac Banking Corporation
Level 5,
200 Barangaroo Ave, Sydney NSW 2000

Solicitors

Marque Lawyers Pty Ltd
Level 4, 343 George St, Sydney NSW 2000

Offices – International China

No.132 Buling Road, Yonghe District, GETDD
Guangzhou 511356, PR China
Tel: + 86 20 3222 2180

Indonesia

Inkopal Plaza Kelapa Gading
Blok B No. 31-32
Jl. Raya Boulevard Barat Jakarta 14240,
Indonesia
Tel: + 62 21 45851481

Malaysia

Lot 832, Jalan Kusta
Kawasan Perindustrian SB Jaya
47000 Sungai Buloh, Selangor Darul Ehsan
Tel: + 60 3 6145 6000

New Zealand

7 Industry Road, Penrose
1061 Auckland, New Zealand
Tel: + 64 9 525 7570

Singapore

26 Sin Ming Lane,
#02-113, Midview city,
Singapore 573971
Tel: +65 6344 2378

United Kingdom

Radfield, London Road, Teynham Sittingbourne
Kent, ME9 9PS, UK
Tel: + 44 1795 521733

United States Of America (and Canada Office)

1812 Tobacco Rd Augusta, GA 30906, USA
Tel: + 1 706 793 7291
208-1380 rue Newtown
Boucherville, QC J4B 5H2 CANADA
Tel: + 1 450 748-1421

Vietnam

Apartment No.00.20, Ground Floor,
Thu Thiem Lake View 1 Condominium - No. 19
To Huu Street,
Thu Thiem Ward, Thu Duc City, Ho Chi Minh
City, Vietnam.
Tel: +84 28 3622 7780

Shareholder Information

Davey Business

Offices - Australia

NSW

36 South Street, Rydalmere NSW 2116

Tel: + 1300 232 839

VIC

6 Lakeview Dr, Scoresby Vic 3179

Tel: + 1300 232 839

QLD

430 Sherbrooke Rd, Willawong QLD 4110

Tel: + 1300 232 839

WA

82 Discovery Dr ,Bibra Lake WA 6163

Tel: + 1300 232 839 0

New Zealand

7 Rockridge Ave Penrose,

1061 , Auckland, New Zealand

Tel: + 64 800 654 333

France

7 Rue Eugene Henaff 69200

Venissieux, France

Tel:+ 33 4 72 13 95 07



WATERCO
water, the liquid of life

WATERCO LIMITED ABN 62 002 070 733

Registered Office

36 South St, Rydalmere NSW 2116

T: +61 2 9898 8600

F: +61 2 9898 1877

W: www.waterco.com.au

E: companysecretary@waterco.com