



RUBICON™

Prospectus

Rubicon Water Limited

ACN 651 852 470

Initial public offering of 42.8 million fully paid ordinary shares at A\$1.00 per share

Lead Manager


BELL POTTER

Important notices

Offer

The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary shares (**Shares**) in Rubicon Water Limited ACN 651 852 470 (**Company**). This Prospectus is issued by the Company and Rubicon SaleCo Limited ACN 651 851 875 (**SaleCo**). See Section 7 for further information on the Offer, including details of the securities that will be issued and transferred under this Prospectus.

Lodgement and Listing

This Prospectus is dated 12 August 2021 and was lodged with ASIC on that date (**Prospectus Date**).

The Company has applied to the ASX for admission of the Company to the Official List and quotation of the Shares on the ASX (**Listing**).

Neither ASIC nor the ASX takes any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry date

No Shares will be issued on the basis of this Prospectus after the expiry date, being 13 months after the Prospectus Date.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Shares. Some of the key risk factors that should be considered by prospective investors are set out in Sections 1 and 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

You should also consider the assumptions underlying the Forecast Financial Information set out in Section 4.8 and the risk factors set out in Section 5 that could affect the Company's business, financial condition and results of operations.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

Exposure Period

The Corporations Act prohibits the Company from processing applications to subscribe for, or to acquire, Shares offered under this Prospectus (**Applications**) in the seven day period after lodgement of this Prospectus with ASIC (**Exposure Period**). This Exposure Period may be extended by ASIC by up to a further seven days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale or accurately represent the technical aspects of the products.

Disclaimer and forward-looking statements

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, SaleCo, the Directors, the SaleCo Directors, the Lead Manager or any other person in connection with the Offer. You should rely only on information in this Prospectus when deciding whether to invest in Shares. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

This Prospectus contains forward-looking statements which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties. The Forecast Financial Information is an example of forward-looking statements. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the Prospectus Date, are expected to take place (including the key assumptions set out in Section 4.8).

No person who has made any forward-looking statements in this Prospectus (including the Company) has any intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, other than to the extent required by law.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management of the Company and SaleCo. Forward-looking statements should therefore be read in conjunction with, and are qualified by reference to, Sections 4 and 5, and other information in this Prospectus. The Company and SaleCo cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company, SaleCo, the Company's service provider, Computershare Investor Services Pty

Limited (**Share Registry**) and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement. Bell Potter Securities Limited has acted as Lead Manager to the Offer and has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by the Lead Manager or by its affiliates or related bodies corporate (as defined in the Corporations Act) (**Related Bodies Corporate**), or any of their respective officers, directors, employees, partners, advisers or agents.

To the maximum extent permitted by law, the Lead Manager, its affiliates and Related Bodies Corporate, and any of their respective officers, directors, employees, partners, advisers or agents expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial information presentation

All references to FY18, FY19, FY20 and FY21F appearing in this Prospectus are to the financial years ended 30 June 2018, 30 June 2019, 30 June 2020 and ending 30 June 2021 unless otherwise indicated. All references to H1-FY20 and H1-FY21 appearing in this Prospectus are to the half financial years ended 31 December 2019 and 31 December 2020 respectively, unless otherwise indicated.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 4.2.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (as adopted by the Australian Accounting Standards Board), which comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

This Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation for the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is unaudited.

The Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Sections 4 and 5.

Market and industry data

This Prospectus (and in particular Section 2 and Section 3) contains data relating to the industries, segments, sectors and channels in which the Company operates (**Industry Data**).

Such information includes, but is not limited to, statements and data relating to global irrigation practices and forecasts, government expenditure on irrigation, climate change, industry and market sizes and trends.

Unless otherwise attributed to a third-party, this information has been prepared by the Company using both publicly available data and internally generated data. The Company's internally generated data is based on estimates and assumptions that both the Directors and the Company's management believe to be reasonable, as at the Prospectus Date.

Other than the information attributed to third-parties, the Industry Data has not been independently prepared or verified and neither the Company, SaleCo nor the Lead Manager can assure you as to its accuracy or the accuracy of the underlying assumptions used to estimate such Industry Data. The Company's estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5.

Investors should note that industry and sector data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual industry or market conditions.

In addition to the Industry Data, this Prospectus uses third-party data, estimates and projections. There is no assurance that any of the third-party data, estimates or projections contained in this Prospectus will be achieved. The Company and SaleCo have not independently verified such information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5. The Company and SaleCo are relying on *ASIC Corporations (Consents to Statements) Instrument 2016/72*. The authors of the sources included in this Prospectus have not provided their consent for the various statements to be included.

Obtaining a copy of this Prospectus

This Prospectus is available in electronic form to Australian residents on the Company's offer website, <https://rubiconwateripo.thereachagency.com>. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia and is not available to persons in any other jurisdictions, including the United States.

A hard copy of the Prospectus is available free of charge during the Offer Period to any person in Australia by calling the Rubicon Offer Information Line on 1300 129 892 (toll free within Australia) or +61 3 9415 4104 (outside Australia) between 8.30am and 5.00pm, Monday to Friday.

Applications for Shares may only be made on the Application Form attached to, or accompanying, this Prospectus in its hard copy form, or in its soft copy form available online at <https://rubiconwateripo.thereachagency.com>, together with an electronic copy of this Prospectus. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

No cooling off rights

Cooling off rights do not apply to an investment in Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

No offering where illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to permit otherwise a public offering of the Shares in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any State of the United States, and may not be offered or sold, directly or indirectly, in the United States, or to or for the account or benefit of, a U.S. Person, except transactions exempt from or not subject to the registration requirements of the US Securities Act and any other applicable US securities laws. The Offer is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer.

See Section 9.14 for more detail on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

Privacy

By completing an Application Form, you are providing personal information to the Company and SaleCo through the Share Registry, which is contracted by the Company to manage Applications. The Company, SaleCo and the Share Registry on their behalf, and their agents and service providers may collect, hold, disclose and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration, and for other purposes related to your investment listed below.

If you do not provide the information requested in the Application Form, the Company, SaleCo and the Share Registry may not be able to process or to accept your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included on the Share register if you cease to be a Shareholder.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Share register;
- the Lead Manager to assess your Application;
- printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- market research companies for analysing the Company's shareholder base; and
- legal and accounting firms, auditors, management consultants and other advisers for administering, and advising on, the Shares and for associated actions.

The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry as follows:

Telephone: (outside Australia) 1300 850 505
(toll free within Australia)
+61 3 9415 4000

Address: privacy@computershare.com.au
You may be required to pay a reasonable charge to the Share Registry in order to access your personal information.

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

Financial Services Guide

Under the Corporations Act, the provider of the Investigating Accountant's Report on the Financial Information is required to provide Australian retail clients with a Financial Services Guide in relation to that review.

The Investigating Accountant's Report and accompanying Financial Services Guide is provided in Section 8.

Intellectual Property

This Prospectus may contain trademarks of third-parties, which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with us.

© 2021 Rubicon Water. RUBICON logo, BayDrive, BladeMeter, BladeValve, CableDrive, FarmConnect, FerIT, FlumeGate, FlumeMeter, FormiPanel, MicronLevel, NeuroFlo, PikoGate, PikoMeter, SCADAConnect, SlipGate, SlipMeter, SolarDrive, Sonaray, TCC and Total Channel Control are trademarks and service marks, or registered trademarks and service marks of the Company or its affiliates in Australia, the United States of America and other jurisdictions. Systems, components, methodologies and software supplied by the Company may be the subject of patent and design rights in Australia and elsewhere.

Company website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred in this Prospectus, is incorporated in this Prospectus by reference.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus, unless specified otherwise, have the meaning given in the glossary in Schedule 1. Unless otherwise stated or implied, references to times in this Prospectus are to Melbourne time.

Unless otherwise stated or implied, references to dates or years are calendar year references.

Questions

If you have any questions in relation to the Offer, contact the Rubicon Offer Information Line on 1300 129 892 (toll free within Australia) or +61 3 9415 4104 (outside Australia) between 8.30am and 5.00pm, Monday to Friday.

This document is important and should be read in its entirety.

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Rubicon Water maximising
the efficiency, productivity
and sustainability of
irrigated agriculture

Chairman's letter



Dear Investor,

On behalf of the Board of Directors, it is my pleasure to offer you the opportunity to become a shareholder in Rubicon Water Limited, a global, large-scale vertically integrated water technology solutions business.

Rubicon is driven to address the issue of global water scarcity by maximising water availability and agricultural productivity through improved water use efficiency. Rubicon delivers cost-effective, reliable and practical advanced solutions to managers of gravity fed irrigation networks including governments, water management authorities, and farmers.

Established in Australia in 1995, Rubicon has a highly skilled workforce of over 300 people, has delivered 35,000 water control and measurement sites worldwide and automated thousands of kilometres of channels servicing more than 1 million hectares of irrigated land with our proprietary technology. We have 218 patent cases across 21 countries and Rubicon's products and solutions are implemented in 17 countries with a growing global pipeline of local and international tender opportunities to underpin our long-term growth prospects.

Growth to date has been funded principally through internally generated cash, however, the magnitude of the growth opportunities in front of Rubicon leads the Board to embark on this IPO to secure additional capital to fund future growth. As part of the IPO, certain long term shareholders will also take the opportunity to realise a minor portion of their investment.

The Offer will raise \$40.0 million through the issue of 40.0 million New Shares and the sale of \$2.6 million of existing shares at an Offer Price of \$1.00 (as well as up to 192,000 New Shares to Eligible Employees who participate in the Employee Gift Offer). The new money raised will principally be used to provide the Company with additional financial flexibility for investment, additional working capital to execute our growth strategy and the continuation of R&D activities, as well as pay costs of the Offer. On Completion of the Offer, new investors in the Offer are expected to hold approximately 25.3% of the Shares on Issue, the Directors and Management Shareholders will hold a combined 33.4% of the shares on issue and the remainder will be held by other Existing Shareholders. 123.4 million Shares equal to 71.8% of the Shares on issue at Completion of the Offer, which are held by certain Existing Shareholders, will be subject to escrow arrangements from Completion of the Offer.

This Prospectus contains detailed information about the Offer, the industry in which Rubicon and its business operates, Rubicon's growth strategy, and its financial and operating performance.

Key risks associated with an investment in Rubicon are set out in Section 5 and include, for example, the timing of uptake of products and services, liability and reputational risk for Rubicon, COVID-19, manufacturing disruption and occupational health and safety issues.

Applications for Shares can only be made by completing and lodging an Application Form included in or accompanying this Prospectus. Instructions on how to apply are set out in Section 7 and are on the back of the Application Form.

It is important that you read this Prospectus in its entirety before deciding whether to invest in Rubicon.

On behalf of the Directors, I look forward to welcoming you as a shareholder in Rubicon.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gordon Dickinson', written in a cursive style.

Gordon Dickinson
Chairman

Important dates

Prospectus lodgement date	Thursday, 12 August 2021
Offer period opens	Friday, 20 August 2021
Offer period closes	Thursday, 26 August 2021
Settlement	Monday, 30 August 2021
Issue and transfer of Shares (Completion)	Tuesday, 31 August 2021
Expected dispatch of holding statements	Wednesday, 1 September 2021
Expected commencement of trading of Shares on ASX on a normal settlement basis	Thursday, 2 September 2021

Dates may change

The dates above are indicative only and may change without notice.

The Company, in consultation with the Lead Manager, reserves the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notification to any recipient of this Prospectus or any Applicants. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. If the Offer is cancelled or withdrawn before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form (other than as expressly provided in this Prospectus).

Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

Questions

If you have any questions in relation to the Offer, contact the Rubicon Offer Information Line on 1300 129 892 (toll free within Australia) or +61 3 9415 4104 (outside Australia) between 8.30am and 5.00pm, Monday to Friday.

If you are unclear in relation to any matter, or you are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

Key offer statistics

Offer Price	\$1.00 per Share
Total proceeds under the Offer	\$42.6 million
Number of Shares under the Offer	Up to 42.8 million
Total proceeds from the issue of New Shares under the Offer	\$40.0 million
Number of New Shares to be issued under the Offer	40.2 million
Total proceeds from the sale of Existing Shares under the Offer	Up to \$2.6 million
Number of Existing Shares to be sold under the Offer	Up to 2.6 million
Number of Shares to be issued under the Employee Gift Offer	Up to 0.19 million
Number of Shares to be held by Existing Shareholders after the Offer	128.5 million
Number of Shares to be issued under the CEO Share Grant	Up to 0.66 million
Total number of Shares as at date of the Prospectus	131.1 million
Total number of Shares on issue at Completion	172.0 million
Market capitalisation at the Offer Price ¹	\$172.0 million
Pro forma Net Debt/(Cash) (as at 31 December 2020)	\$(11.1) million
Implied Enterprise Value at the Offer Price ²	\$160.8 million
Enterprise Value/pro forma FY21 forecast EBITDA ³	11.7x
Number of Performance Rights on issue after Completion of the Offer	622,603

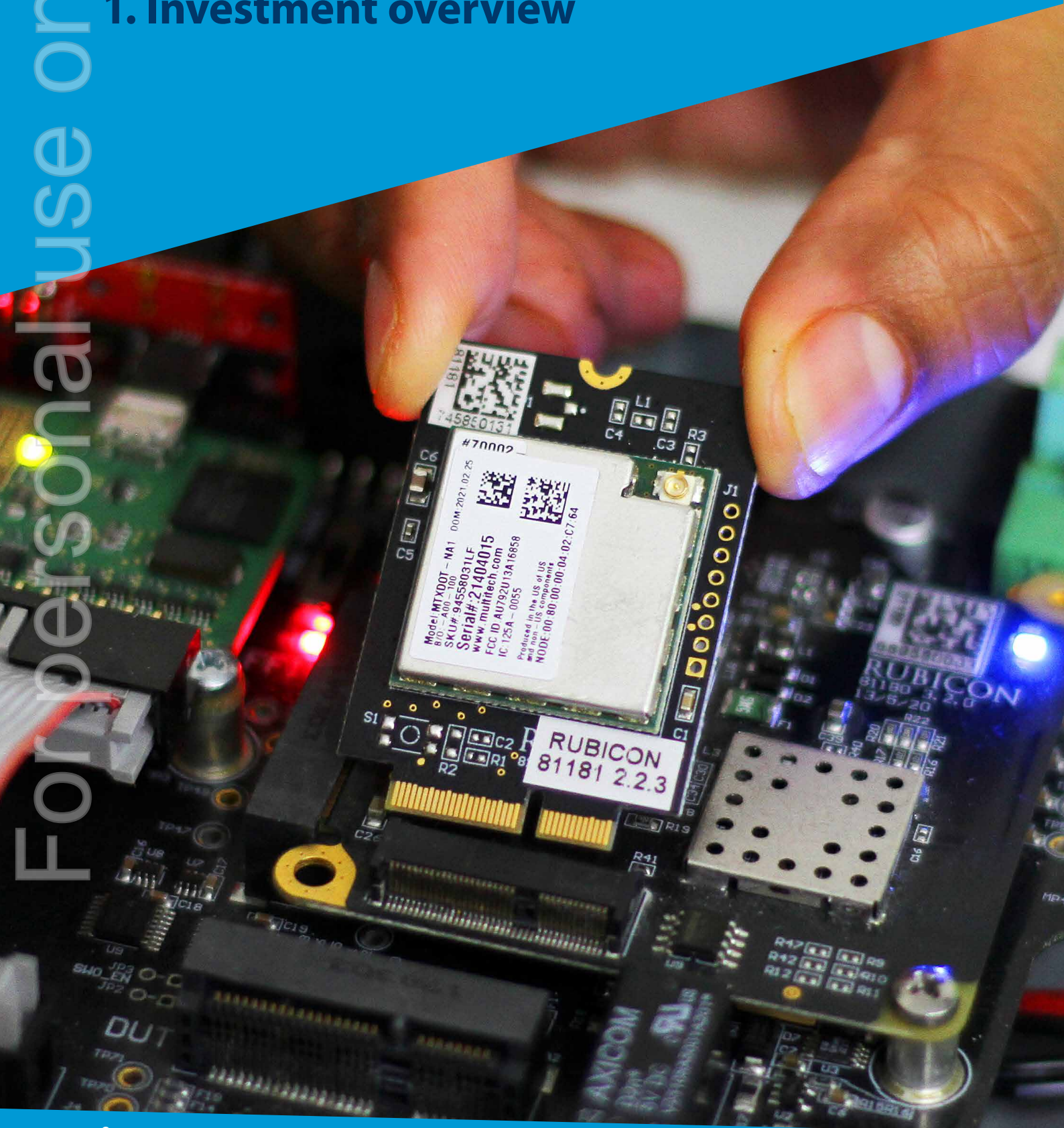
1. Calculated as the total number of Shares on issue at Completion of the Offer multiplied by the Offer Price.
2. Enterprise value is calculated by adding market capitalisation at the Offer Price and the pro forma net debt or deducting net cash as at 31 December 2020 as set out in Section 4.6.
3. The pro forma forecast FY21 EBITDA of \$13.8 million is set out in Section 4.3.



RUBICON™

1. Investment overview

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1. Investment overview

1.1 Introduction

Topic	Summary	For more information
What is the Rubicon business?	<p>Rubicon is a water technology solutions business that designs, manufactures, installs and maintains irrigation automation software and hardware. Rubicon aims to address the issue of global water scarcity by maximising water availability and agricultural productivity through improved irrigation water use efficiency.</p> <p>Rubicon's solutions are used by governments, irrigation water authorities and farmers to modernise gravity-fed irrigation distribution channel networks and on-farm irrigation systems. The solutions improve water-use efficiency by reducing spills, accurately measuring and accounting for water, and improving the reliability, flexibility, timeliness and accuracy of supply of water to farms.</p>	Section 3.1
What is Rubicon's history?	<p>Rubicon Water Limited was established as Rubicon Systems Australia in 1995, with the business originally focussing on offering water management software and traditional remote management solutions for irrigation water authorities.</p> <p>Rubicon then turned its attention to addressing a fundamental industry challenge: how to provide a high-quality, on-demand supply service to farms whilst reducing losses in gravity supply systems.</p> <p>Rubicon commenced international operations in 2006 with the establishment of Rubicon's USA business, where Rubicon currently has a number of irrigation water authority customers. Rubicon's entry into other international markets has since followed, including China and Europe in 2009, and Latin America and New Zealand in 2012 to 2013.</p> <p>In February 2019, Rubicon was awarded the contract to modernise irrigation regions within the Upper Krishna Project in the state of Karnataka in India (KBJNL Project Contract).</p>	Section 3.2
Why is the Offer being conducted?	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none">• provide the Company with additional financial flexibility for investments in development and organic growth opportunities, such as assembly facilities in global end markets, research and development of new hardware products and software solutions, through improved access to capital markets;• fund working capital to continue to execute its growth strategy;• repay existing debt;• provide a liquid market for its Shares and an opportunity for others to invest in Rubicon;• give some Existing Shareholders an opportunity to realise part of their investment in the Company through the sale of Existing shares through SaleCo however this is minor in aggregate;• pay the costs of the Offer; and• assist the Company in attracting and retaining quality staff.	Section 7.1.2

1. Investment overview continued

1.2 Key features of Rubicon's business model

Topic	Summary	For more information
How does Rubicon generate revenue?	Rubicon generates revenue through sales of hardware, software and services, as well as from ongoing maintenance of the installed end-to-end solution base.	Section 3.3
What products and solutions does Rubicon sell?	<p>Rubicon's products include automated water control gates and valves, accurate flow meters, software, wireless data networks, and on-farm irrigation hardware. These products integrate to form solutions that transform how water is managed from the source (such as a dam or a river) right through to the crop.</p> <p>Rubicon delivers irrigation technology solutions in a vertically integrated manner, with in-house solution design, manufacture and specialised technical support.</p> <p>Rubicon's flagship solution, TCC Network Control, autonomously controls the supply of water to farms, resulting in significantly less water lost during transit and a much-improved supply service.</p> <p>Rubicon's hardware products are used to measure and control water, monitor environmental conditions and enable remote monitoring and operation of field devices.</p>	Sections 3.3.1 and 3.5
What is Rubicon's strategic focus?	<p>Rubicon has a vision to improve the water use efficiency, productivity and sustainability of irrigated agriculture by:</p> <ul style="list-style-type: none"> • Delivering better and more solutions for existing customers over the long term • Growing new customers in target markets • Expanding research and development 	Section 3.9.1
What industry does Rubicon operate in and what is its size?	<p>Rubicon operates in the global irrigated agriculture market, supplying and supporting solutions that manage the delivery of irrigation water from source to crop via large-scale distribution networks. Rubicon's solutions facilitate increases in agricultural production by reducing water losses and making irrigation more efficient.</p> <p>Globally, 308 million hectares of land is currently equipped for irrigation. The global agricultural irrigation automation market is expected to reach USD\$3,940.1 million by 2026, growing at a CAGR of 20.6% during 2020-2026. The surface irrigation market is expected to reach USD\$1,261.1 million by 2026 at a CAGR of 23.9%.</p>	Sections 2.1 and 2.6
Where does Rubicon operate?	<p>Rubicon is a global business, with customers located across six continents. In addition to Rubicon's head office in Melbourne, Victoria, Rubicon has regional operations in Australia, New Zealand, the USA, Spain, Italy, Romania, Chile, China and India and distribution agents in Mexico, Argentina, Kazakhstan and Uzbekistan.</p> <p>Rubicon's primary manufacturing facilities are located in Shepparton, Victoria, with additional assembly facilities established in China, India and the USA.</p>	Section 3.6

Topic	Summary	For more information
Who are Rubicon's competitors?	<p>While Rubicon has individual competitors selling sub-components in various markets, it knows of no competitors offering solutions that develop and manufacture their own measurement instrumentation, control hardware and management software to offer end-to-end solutions.</p> <p>There are a number of competitors in the market that offer solutions for on-farm irrigation scheduling and application automation. Established global industry participants include Netafim, Lindsay, Valmont and Jain, who specialise in the pressurised application market.</p> <p>There are a number of companies that offer on-farm control solutions for surface irrigation and these are typically in-country. Examples of competitors are Padman Stops and AWMA in the Australian market, and Watch Technologies in the USA.</p>	Section 2.9
What global challenges does Rubicon address?	<p>The focus of Rubicon's business is to provide farmers with the ability to apply the right quantity of water to crops when and where it is needed. Rubicon achieves this by improving the management of supply systems, which are often ageing, manually operated and characterised by lack of measurement and in turn limited and infrequent control capacity.</p> <p>Rubicon focuses on resolving deficiencies within supply systems, farm supply points and on-farm application systems to improve water use efficiency.</p>	Section 3.8
What is Rubicon's growth strategy?	<p>To maximise returns from existing customers, Rubicon is focused on:</p> <ul style="list-style-type: none"> • Turning product-based customers into solution sales; • Customising product and solution offerings to create maximum return on investment for customers' spend; • Maximising the performance outcomes for existing customers to create great reference sites; • Expanding operations and maintenance offerings with customised solutions to specific customer needs; and • Providing innovative solutions for product and system renewals. <p>Rubicon's management has identified a substantial and growing pipeline of domestic and international project opportunities, underpinning long-term growth prospects. Rubicon is currently actively working on relevant global contracts, tenders and opportunities across multiple jurisdictions that are (in size of potential revenue) both consistent with current projects and in some cases larger than current projects in certain jurisdictions.</p>	Section 3.9
How does Rubicon expect to fund its operations?	<p>As a private company, Rubicon has predominantly self-funded its growth over 26 years, however funds raised from the Offer will be applied by Rubicon to pursue the growth stated in this Prospectus. In determining whether to pay dividends in the short-term periods following the Offer, Rubicon will have regard to, and prioritise, the achievement of these growth opportunities.</p>	Section 3.9.4

1. Investment overview continued

1.3 Key strengths and investment highlights

Topic	Summary	For more information
Highly capable, experienced and aligned management team	Rubicon is led by a highly experienced management team with significant experience in global agricultural irrigation solutions.	Section 3.2
Rubicon has extensive industry knowledge	Rubicon has built extensive industry and technical knowledge while developing solutions and executing projects for the varied operating conditions across the world.	Section 3.7.1
Rubicon has a comprehensive software portfolio	Rubicon's software for the automated control and management of large irrigation networks is the result of a 26-year development program that has led to product differentiation across multiple areas.	Section 3.7.2
Control gate/valve and flow measurement technology	Rubicon has developed a wide range of specialist products which are integrated, well suited to irrigation environments and are automated.	Section 3.7.3
Strong corporate and product brands	Rubicon products are reliable and innovative solutions developed for the irrigation industry.	Section 3.7.4
Rubicon has a wide array of global patents	Through its commitment to R&D and actions taken to protect its intellectual property, Rubicon has built a substantial intellectual property portfolio, including patents, trade secrets, copyright, trademarks and confidentiality agreements. Technical breakthroughs in the fields of flow measurement and control have enabled Rubicon to develop a suite of 218 patent cases across 21 countries (as at June 2021).	Section 3.7.5
Continued investment in research and development	<p>Rubicon has invested heavily in R&D over the last 26 years to design and develop technology and intellectual property, providing differentiated offerings over its peers.</p> <p>Rubicon designs, develops, manufactures and tests all its own products in-house and has ISO-9001:2015 accreditation, attesting to the standard of the processes of design and manufacturing. Rubicon's research and development facility includes a large, purpose-built, hydraulic flow testing laboratory in Shepparton, Victoria.</p> <p>Rubicon also has a long-established, award-winning research partnership with the School of Engineering at the University of Melbourne. The first patent originating from the collaboration was filed in 2001, and the first pilot implementation occurred in 2002.</p>	Section 3.4
Rubicon has an established global customer base	Over the last five years, Rubicon has shifted its focus towards expanding its capabilities globally. In FY18, over 70% of Rubicon's revenue was generated in Australia and New Zealand (ANZ). For FY21F, 70% of Rubicon's revenue is expected to be generated outside of ANZ.	Section 3.3.2
Large global market opportunity	Australia currently has a more developed modern irrigation infrastructure compared with a number of other countries. Rubicon believes that increasing water scarcity may result in governments and irrigation water authorities in other countries implementing policies to modernise antiquated irrigation infrastructure in a similar manner as has occurred in Australia.	Section 2.7

1.4 Key risks

Risk	Summary	For more information
Timing of uptake of products and services	As a result of the significant capital outlay required for large-scale irrigation modernisation projects, the customer decision-making process is typically protracted. Since Rubicon's products, solutions and services are new and untested in some regions, it is common for customers to run several pilots before committing to a large-scale project. As a result, the timing of commitments to take up Rubicon's products, solutions and service is uncertain.	Section 5.2.1
Liability and reputational risk	The provision of products, solutions and services by Rubicon carries with it the risk of liability for injury, damage or losses arising from defects or failures in its hardware or software (including design and manufacturing processes). This includes not only potential repair and/or replacement costs of the Rubicon hardware and software, but also flood damage to channel networks, flood damage to third party properties or consequential loss caused to parties relying on water supply, such as farmers suffering crop damage as a result of water supply disruptions.	Section 5.2.2
COVID-19 or other public health emergencies	The COVID-19 pandemic has resulted in significant global market volatility and continued economic uncertainty as to the ongoing effects of the pandemic.	Section 5.2.3
Manufacturing disruption	Rubicon manufactures its products in Australia, China and India. This exposes Rubicon to the risk that any unforeseen temporary or permanent cessation of production (due to factors such as COVID-19, fire, natural disaster, Act of God, or force-majeure) at the manufacturing facilities may have a negative impact on the ability of Rubicon to meet contractual delivery commitments.	Section 5.2.4
Occupational health and safety	Rubicon is subject to health and safety regimes in Australia and other jurisdictions where it has employees and is required to comply with their respective legislation concerning the protection of the health and welfare of employees, contractors and other parties (including, but not limited to, the public).	Section 5.2.5
Concentrated customer base	62% of Rubicon's revenue for FY20 was derived from the supply of its products, solutions and services to its five largest customers. Further, it is anticipated that in FY21F, 66% of Rubicon's revenue will be from its five largest customers. There is a risk that these customers might use alternative products, solutions or services or that the customers might cancel their modernisation programs with Rubicon.	Section 5.2.6
International market (sovereign) risk	Rubicon has operations and employees that are domiciled in foreign jurisdictions, and has entered (and in the future, may enter) into a number of contractual relations with third parties that are domiciled in foreign jurisdictions.	Section 5.2.7
Reliance on funding	Rubicon's growth strategy is reliant on governments and water authorities funding irrigation modernisation. As a result, a change in water policy, a reallocation of funding to an alternative water solution or the withdrawal of funding by either governments or regulatory authorities in Rubicon's existing or target markets could have a negative impact on financial performance.	Section 5.2.8
Key personnel	Rubicon Management has been largely responsible for the development and growth of the business. While Rubicon undertakes succession planning, the departure of any one of the Management team could negatively impact Rubicon's financial performance or growth prospects.	Section 5.2.9

1. Investment overview continued

Risk	Summary	For more information
Fluctuations in commodity and foreign exchange markets	<p>Commodities, including aluminium, represent a component of Rubicon's materials cost. Commodity prices are volatile and if they were to increase significantly, a reduction in Rubicon's margins may eventuate, negatively impacting financial performance.</p> <p>Rubicon's expenditure and revenue will predominantly be made and received in the various jurisdictions and currencies in which Rubicon operates. As a result, Rubicon may be adversely affected by fluctuations in those foreign currencies and the relative Australian dollar exchange rates.</p>	Section 5.2.10
Alternative products	There are significant capital requirements that are necessary to implement Rubicon's solutions. As such, there is a risk that customers may consider cheaper alternatives. There is a risk that potential customers may elect to adopt a less comprehensive irrigation modernisation solution than that offered by Rubicon in order to reduce the cost of the modernisation project and/or the degree of change to their operational model that would result from the modernisation.	Section 5.2.11
Competition	Rubicon may lose business to its competitors if it is unable to demonstrate technical competence, competitive pricing and reliable performance to its customers. The market for individual irrigation components is competitive and if Rubicon's competitors aggressively reduce prices, Rubicon may suffer reduced market share or be forced to respond by adopting a range of competitive strategies.	Section 5.2.12
Inability to execute growth strategy	Rubicon's growth strategy includes expanding the geographic area of its operations and the introduction of new products and solutions. There is a risk that these strategies may not be successful and may negatively impact Rubicon's financial performance.	Section 5.2.13
Intellectual property	Rubicon relies heavily on its intellectual property and software technology. Rubicon has patent coverage on many aspects of its hardware, algorithms and software design and owns certain copyrights and trademarks in its business however, those protections can expire and not be replaced on the same terms.	Section 5.2.14
Reliance on key relationships	Rubicon builds awareness of its capabilities and solutions and in-turn develops relationships with major institutions in key markets. The loss or deterioration of key relationships may negatively impact Rubicon's growth prospects.	Section 5.2.15
Supply and logistics	Rubicon is heavily reliant on freight logistics including air, sea and land for the inbound delivery of materials and outbound distribution of goods to customers.	Section 5.2.16
Working capital	Rubicon's customers comprise governments and water authorities. Contracts with these customers are structured to be paid in instalments. There is a risk that these payment instalments may be delayed or not paid at all as a result of bureaucratic processes in government agencies delaying the release of funds, funds being paid to third-party joint venture partners and delayed release to Rubicon or disagreements with customers over the completion of contract milestones that release payment.	Section 5.2.17
Joint venture risk	Rubicon holds a number of interests in companies together with joint venture partners through equity or other joint ventures, particularly in key growth jurisdictions such as India and China. Certain decisions require approval of the other shareholders of the joint venture or their representatives.	Section 5.2.18

Risk	Summary	For more information
Litigation risk	Rubicon is exposed to possible litigation risks including commercial claims, contractual disputes, customer claims, intellectual property claims, occupational health and safety claims, employee claims, public liability claims, environmental claims and prosecutions and regulatory disputes.	Section 5.2.19
Fraud risk and internal control risk	Rubicon is exposed to risk of internal fraud due to actions by employees either as an individual or acting in connection with third parties, including its joint venture partners.	Section 5.2.20
Cyber-security and data privacy	Rubicon's operations rely on a number of information technology systems, applications and business processes utilised in the delivery of its business functions.	Section 5.2.21
Climate change and weather events	Rubicon's business may be adversely impacted by climate change and other environmental changes.	Section 5.2.22
Technological obsolescence	Rubicon's future success will in part depend on its ability to continue to sell its products and systems and offer its services that remain current with irrigation modernisation needs.	Section 5.2.23
Licensing and regulation	While Rubicon does not require a licence to operate its core business of gates and operating systems, Rubicon does have constraints regarding its business in certain jurisdictions.	Section 5.2.24
Counterparty risk	Rubicon has a number of commercial agreements and arrangements with third-parties, including customers and suppliers, and will enter into a number of further agreements and arrangements with others in order to meet its growth strategy.	Section 5.2.25
Financial information and basis of forecasts	Forward-looking statements, opinions and estimates provided by Rubicon in this Prospectus rely on various contingencies and assumptions made by management.	Section 5.2.26
Reliance on core information technology and other systems	A continual challenge of Rubicon is to keep its underlying technology platforms up to date and supported. Currently, some of Rubicon's software functionality is presented by aging user interfaces and some older Rubicon software are built using frameworks which are nearing or at end-of-life.	Section 5.2.27
Contracts	There are a number of risks associated with Rubicon's supplier and customer contracts, including the risk that those contracts are lost or impaired, or renewed on less favourable terms.	Section 5.2.28

1. Investment overview continued

Risk	Summary	For more information
General investment risks	<p>This Prospectus also includes general risks to an investment in the Company, including:</p> <ul style="list-style-type: none"> • general market conditions, including investor sentiment; • general economic conditions including interest rates, and exchange rates, changes to government fiscal, monetary or regulatory policies and settings; • changes in government or ASX regulation or policies; • actual or anticipated fluctuations in Rubicon's financial performance and those of other public companies in its sector; • changes in accounting principles; • inclusion in or removal from market indices; and • general operational and business risks. 	Section 5.3

1.5 Key financial information

Topic	Summary						For more information
What is Rubicon's pro forma historical and forecast financial performance?			Pro Forma			Statutory	Section 4.3
	\$m	Notes	FY18	FY19	FY20	FY21F	
	Revenue	1	71.3	75.5	64.8	80.4	80.4
	Cost of sales	2	(39.1)	(41.3)	(35.3)	(46.0)	(46.0)
	Gross profit		32.3	34.3	29.5	34.4	34.4
	Other income	3	0.0	1.0	1.6	1.6	1.6
	Other gains/(losses)	4	0.1	(0.1)	(0.0)	0.0	0.0
	Employee benefits expense		(12.3)	(13.9)	(16.0)	(17.4)	(17.7)
	Professional fees		(2.8)	(2.4)	(2.6)	(2.4)	(2.9)
	Travel costs		(1.1)	(1.3)	(0.9)	(0.4)	(0.4)
	Occupancy expenses	5	(0.2)	(0.2)	(0.1)	(0.3)	(0.3)
	Administrative expenses		(4.1)	(4.1)	(4.2)	(4.6)	(4.2)
	Share of gain/(loss) of an Associate/ Joint Venture	6	–	–	(0.2)	2.9	2.9
	Unrealised gains/(losses) on FX	7	1.0	(0.1)	(0.6)	(0.0)	(0.0)
	EBITDA		12.8	13.1	6.5	13.8	13.5
	Depreciation		(2.6)	(2.7)	(3.0)	(2.5)	(2.5)
	EBIT		10.2	10.4	3.5	11.3	11.0
	Interest income		0.1	0.1	0.1	0.0	0.0
	Finance costs		(0.3)	(0.4)	(1.1)	(1.0)	(1.0)
	Profit before income tax		10.1	10.0	2.4	10.3	10.0
	Income tax expense	8	(1.7)	(1.9)	(1.4)	(2.8)	(2.7)
	Net profit after tax		8.3	8.2	1.0	7.5	7.3

Topic	Summary	For more information
What is Rubicon's pro forma historical and forecast financial performance? continued	<p>Notes:</p> <ol style="list-style-type: none"> 1. Revenue is derived from the delivery of the Company's contracts for the manufacture, delivery and installation of irrigation automation software and hardware. 2. Cost of sales represents the costs associated with purchased hardware components and other raw material components from third parties, project delivery and installation costs, contractor expenses, as well as direct production labour and freight up to the point of operational readiness for the generation of revenue. 3. Other income includes the non-recurring subsidies and financial support received by the Company from JobKeeper, wage subsidies and other Government grants received in Australia and New Zealand (totalling \$1.6m in both FY20 and H1-FY21), in addition to a reversal in FY19 of an impairment processed before the commencement of the historical period (\$0.9m). 4. Other gains and losses mainly reflect amounts in respect of the disposal of property, plant and equipment. 5. Occupancy expenses includes certain lease related costs and outgoings not subject to AASB 16. Rental charges are now captured as part of depreciation expense and interest following the introduction of AASB 16 accounting standards. Outgoings relate to expenses such as utilities and low value leases, which are driven by property-related activities. 6. Share of gain/(loss) of an Associate/Joint Venture reflects the equity accounted share of profits in relation to the 50% interest in Medha Rubicon Water Technologies Pvt Ltd. This joint venture was established in May 2020. The Company's interest in the joint venture is accounted for using the equity method. 7. Unrealised gains/(losses) on FX relates to the translation of foreign currency denominated monetary balances – principally intercompany loans and payables – to functional currencies at each period-end at spot rates. For FY21F, this translation was performed based on the estimated loan and payable balances as at 30 June 2021. The INR and CNY exchange rates applied are AUD1/INR55.86 and AUD1/CNY4.85. 8. Income tax expense has been derived from the consolidated profit before tax, adjusted for permanent differences. All pro forma adjustments are tax effected by a corporate tax rate of 30%. <p>For further information, see Section 4.3.</p>	Section 4.3
What is the Company's dividend policy?	<p>Other than the pre-completion dividend, the Directors have no current intentions of declaring or paying dividends in the short to medium term, as it is their intention to reinvest cash earnings back into the Company to further develop the business. The Rubicon Board will review this policy as appropriate and the declaration and amounts of any dividends are at the sole discretion of the Rubicon Board. In making a decision concerning dividends, the Rubicon Board will take into account Rubicon's earnings for the period, future capital requirements and other relevant factors such as the outlook of the Company.</p>	Section 4.11

1. Investment overview continued

1.6 Directors and senior management

Topic	Summary	For more information
Who are the Directors of Rubicon?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none">• Gordon Dickinson, Chairman• Bruce Rodgerson, Executive Director and Chief Executive Officer• David Aughton, Executive Director• Lynda O'Grady, Independent Non-Executive Director• Iven Mareels, Independent Non-Executive Director• Tony Morganti, Independent Non-Executive Director	Section 6.1
Who are the senior management of Rubicon?	<p>The senior management team includes:</p> <ul style="list-style-type: none">• Bruce Rodgerson, Executive Director and Chief Executive Officer• Jason York, Chief Financial Officer• Les Ganci, General Manager – Commercial Operations• Dr Paul Spooner, General Manager – Design and Production• Dr Jason Grant, General Manager – Software and IT• Matt Ryan, General Manager – Technical Services• Caroline Sabolek, General Manager – Human Resources	Section 6.2

1.7 Significant interests of key people and related party transactions

Topic	Summary	For more information
Who are the Existing Shareholders and what will be their interest at Completion?	Shareholdings of Existing Shareholders on the Prospectus Date and immediately following Completion of the Offer are set out in the table below.	Section 7.1.7

1. Investment overview continued

Topic	Summary	For more information																																													
What significant benefits are payable to Directors and other persons connected with the Company or the Offer and what significant interests do they hold?	<p>Shares expected to be held by Directors on Completion.</p> <table><thead><tr><th></th><th colspan="2">Shares held as at the Prospectus Date</th><th colspan="2">Shares held at Completion</th></tr><tr><th>Shareholder(s)</th><th>(%)</th><th>(million)</th><th>(%)</th><th>(million)</th></tr></thead><tbody><tr><td>Gordon Dickinson (Chairman)</td><td>16.9%</td><td>22.2</td><td>12.9%</td><td>22.2</td></tr><tr><td>Bruce Rodgerson (CEO)</td><td>12.5%</td><td>16.4</td><td>9.5%</td><td>16.4</td></tr><tr><td>David Aughton (Executive Director)</td><td>15.1%</td><td>19.8</td><td>11.5%</td><td>19.8</td></tr><tr><td>Lynda O'Grady (NED)</td><td>0%</td><td>0</td><td>0%</td><td>0</td></tr><tr><td>Iven Mareels (NED)</td><td>0%</td><td>0</td><td>0%</td><td>0</td></tr><tr><td>Tony Morganti (NED)</td><td>0%</td><td>0</td><td>0%</td><td>0</td></tr><tr><td>Total</td><td>100.0%</td><td>58.4</td><td>100.0%</td><td>58.4</td></tr></tbody></table> <p>Note:</p> <ol style="list-style-type: none">As described in paragraph 9.4, Rubicon is undertaking a corporate restructure in accordance with an Implementation Deed under which the shareholders of Rubicon Systems (Holdings) transferred their shares in Rubicon Systems (Holdings), being a total of 100,000,100 shares, in exchange for 131,123,104 shares in the Company. Each Shareholder's proportionate interest in Rubicon was not altered as a result of the actions set out in the Implementation Deed. For ease of reference and consistency, the number of Shares set out in this Prospectus assumes that the Implementation Deed becomes unconditional, which will be the case if Settlement occurs under the Underwriting Agreement and the Underwriting Agreement has not been terminated by 9.00am on the day after the close of the Offer.Certain shareholders including Bruce Rodgerson and associated entities and David Aughton and associated entities entered into contractual rights under the various restructure agreements with Rubicon Systems (Holdings). For ease of reference and consistency, the Shares held at the Prospectus Date assume that the shares under contractual rights have been transferred.The above table does not include any Shares which may be acquired as part of the Offer by a certain number of Non-Executive Directors. The Company and Lead Manager have absolute discretion regarding allocations of Shares under the Offer. The above table does not include the 622,603 Performance Rights proposed to be issued under the Incentive Plan.		Shares held as at the Prospectus Date		Shares held at Completion		Shareholder(s)	(%)	(million)	(%)	(million)	Gordon Dickinson (Chairman)	16.9%	22.2	12.9%	22.2	Bruce Rodgerson (CEO)	12.5%	16.4	9.5%	16.4	David Aughton (Executive Director)	15.1%	19.8	11.5%	19.8	Lynda O'Grady (NED)	0%	0	0%	0	Iven Mareels (NED)	0%	0	0%	0	Tony Morganti (NED)	0%	0	0%	0	Total	100.0%	58.4	100.0%	58.4	Section 6.3.2.5
	Shares held as at the Prospectus Date		Shares held at Completion																																												
Shareholder(s)	(%)	(million)	(%)	(million)																																											
Gordon Dickinson (Chairman)	16.9%	22.2	12.9%	22.2																																											
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Iven Mareels (NED)	0%	0	0%	0																																											
Tony Morganti (NED)	0%	0	0%	0																																											
Total	100.0%	58.4	100.0%	58.4																																											
Will there be a controlling interest in the Company?	Post-listing, the Existing Shareholders will continue to hold an interest of approximately 74.7% in the Company and as such will control the Company (as defined in section 50AA of the Corporations Act).	Section 7.1.8																																													
Will any Shares be subject to restrictions on disposal following Completion?	<p>At Completion of the Offer, 71.8% of the Shares will be subject to voluntary escrow. In relation to the Shares held by Existing Shareholders at Completion*, 96.1% of those Shares will be subject to voluntary escrow arrangements. Each Escrowed Shareholder has agreed to enter into an Escrow Deed in respect of their Shareholding on Completion of the Offer, which restricts them from dealing with their respective Escrowed Shares for the applicable Escrow Periods as described in Section 9.8.</p> <p>* Excluding Shares acquired in the IPO.</p>	Section 9.8																																													
Are there any other related party arrangements in place?	Other than as disclosed in this Prospectus, Rubicon is not party to any material related party arrangements.	Section 6.6																																													

1.8 Overview of the Offer

Topic	Summary	For more information
Who are the issuers of this Prospectus?	Rubicon Water Limited (ACN 651 852 470) and Rubicon SaleCo Limited (ACN 651 851 875).	Important Notices
What is SaleCo?	SaleCo is a special purpose vehicle established to enable Selling Shareholders to sell part or all of their investment in the Company on Completion.	Section 9.1
What is the Offer?	<p>This Prospectus relates to an initial public offering of 40 million New Shares at the Offer Price of \$1.00 per New Share and the sale of up to 2.6 million existing Shares held by SaleCo (as well as up to approximately 192,000 New Shares to Eligible Employees who participate in the Employee Gift Offer). The Offer is expected to raise approximately \$42.6 million.</p> <p>The total number of Shares expected to be on issue at Completion will be 172.0 million. All Shares will rank equally with each other. The New Shares offered under this Prospectus will represent approximately 23.4% of the Shares on issue at Completion.</p>	Section 7.1
What is the proposed use of funds raised under the Offer?	<p>Funds raised under the Offer (totalling approximately \$42.6 million) will be applied by Rubicon as follows:</p> <ul style="list-style-type: none"> • provide the Company with additional financial flexibility for investments in development and organic growth opportunities, such as assembly facilities in global end markets, research and development of new hardware products and software solutions, through improved access to capital markets; • fund working capital to continue to execute its growth strategy; • repay existing debt; • provide a liquid market for its Shares and an opportunity for others to invest in Rubicon; • give some Existing Shareholders an opportunity to realise part of their investment in the Company through the sale of Existing shares through SaleCo however this is minor in aggregate; • pay the costs of the Offer; and • assist the Company in attracting and retaining quality staff. 	Section 7.1.3
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> • the Retail Offer, consisting of the: <ul style="list-style-type: none"> – the Broker Firm Offer, which is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate; – the Priority Offer, which is open to selected investors in Australia and certain other jurisdictions who have received a Priority Offer Invitation; – the Employee Gift Offer, which is open to some Eligible Employees; and • the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia, New Zealand, Hong Kong, Singapore and India. 	Section 7.1.1

1. Investment overview continued

Topic	Summary	For more information
Will the Shares be quoted on the ASX?	<p>The Company has applied to the ASX for admission to the official list of, and quotation of its Shares by, ASX under the code 'RWL'.</p> <p>Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 7.2
Who is the Lead Manager for the Offer?	The Lead Manager is Bell Potter Securities Limited.	Important Notices
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer, Priority Offer, Employee Gift Offer and the Institutional Offer was determined by the Company and the Lead Manager.</p> <p>For Broker Firm Offer participants, it will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not Rubicon, SaleCo or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.</p> <p>The allocation policy relating to the Priority Offer and Employee Gift Offer are outlined in Sections 7.4.4, and 7.5.4 respectively.</p> <p>The allocation of Shares among bidders in the Institutional Offer was determined by the Lead Manager in agreement with Rubicon and SaleCo. The Lead Manager, Rubicon and SaleCo have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.</p>	Section 7.2
Is the Offer underwritten?	Yes. The Lead Manager has fully underwritten the Offer except for the Employee Gift Offer.	Sections 7.8 and 9.6
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in the Shares?	<p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.</p> <p>Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 9.13 (and Section 7.5 is especially for Eligible Employees who participate in the Employee Gift Offer).</p>	Section 9.13
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be mailed to successful Applicants by post on or about Wednesday, 1 September 2021.	Section 7.12 and Important Dates
What is the minimum Application size under the Offer?	<p>The minimum Application size under the Offer is A\$2,000 worth of Shares.</p> <p>Rubicon and the Lead Manager reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for, in their absolute discretion.</p>	Section 7.2

Topic	Summary	For more information
How can I apply?	<p>Broker Firm Offer Applicants</p> <p>Broker Firm Offer Applicants may apply for Shares by completing the Application Form included in or accompanying this Prospectus, and lodging it with the Broker who invited them to participate in the Offer.</p> <p>Note that you must be a client of a participating broker in order to participate in the Broker Firm Offer.</p> <p>Priority Offer Applicants</p> <p>Applicants under the Priority Offer may apply for Shares by following the instructions on how to apply in the Priority Offer invitation.</p> <p>Employee Gift Offer Applicants</p> <p>Applicants under the Employee Gift Offer may apply for Shares by completing the online Employee Gift Offer Application Form in accordance with the instructions provided to you by the Company.</p> <p>Institutional Offer Applicants</p> <p>The Lead Manager separately advised Institutional Investors of the Application procedure under the Institutional Offer.</p> <p>To the extent permitted by law, an Application received under the Offer is irrevocable. There is no general offer to the public.</p>	Sections 7.3, 7.4, 7.5, and 7.6
Can the Offer be withdrawn?	<p>The Company and SaleCo reserve the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants or bidders under Offer.</p> <p>If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded.</p> <p>No interest will be paid on any Application Monies refunded as a result of the Offer not proceeding.</p>	Important Notices
When can I sell my Shares on ASX?	<p>It is expected that the despatch of the holding statements will occur on Wednesday, 1 September 2021 and trading of the Shares on ASX will commence on or about Thursday, 2 September 2021.</p> <p>It is the responsibility of each applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p>	Section 7.2
Where can I find out more information about this Prospectus or the Offer?	<p>If you have any questions in relation to the Offer, call the Rubicon Offer Information Line on:</p> <ul style="list-style-type: none"> 1300 129 892 (toll free within Australia); or +61 3 9415 4104 (outside Australia); <p>between 8.30am and 5.00pm (AEST), Monday to Friday.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your broker.</p> <p>If you have any questions about whether to invest, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.</p>	Important Notices and Important Dates



RUBICON™

2. Industry overview



2. Industry overview

2.1 Introduction

Rubicon operates in the global irrigated agriculture market, supplying and supporting solutions that manage the delivery of irrigation water from source to crop via large-scale distribution networks. Rubicon's solutions facilitate increases in agricultural production by reducing water losses and making irrigation more efficient.

Rubicon's solutions aim to significantly increase water availability for food production. Rubicon anticipates that increasing population and a desire to reduce the risks of water scarcity and food security will lead to a growing demand for solutions that increase food production without extracting more water from the environment.

In the coming decades, many regions around the world are expected to face either absolute or seasonal water scarcity conditions, driven by increasing competition for water between agriculture and other sectors and a more variable water availability because of climate change.⁴ The World Bank (2016a) estimated that regions affected by water scarcity could see their growth rates decline by as much as 6% of Gross Domestic Product (GDP) by 2050 as a result of losses in agriculture, health, income and property – sending them into sustained negative growth.⁵

In the last 20 years there have been a number of initiatives implemented by governments and irrigation water authorities designed to address water scarcity, promoting the application of irrigation technology solutions.

2.2 Overview of irrigated agriculture

Irrigation is the watering of land by artificial means to foster plant growth. The world currently relies heavily on irrigation for food production, with irrigated land representing 20% of cultivated land and contributing around 40% of global agricultural output.⁶ The doubling of the world's land equipped for irrigation⁷ played a significant part in the tripling of global agricultural production between 1960 and 2015.⁸

UNESCO estimates that water for food production will be critical for food security in the coming decades. Global demand for food and other agricultural products is projected to increase by 50% between 2012 and 2050, driven by population growth. Furthermore, rapidly rising incomes and urbanization in much of the developing world may encourage dietary changes towards increased consumption of livestock-based products, sugar and horticultural products, which all rely on crops with higher water requirements than traditional staple food diets. Food production is required to sustainably intensify and expand to keep up with food demand.⁹

The top three uses for freshwater withdrawals are for the agriculture sector, the industrial sector and household sector.¹⁰

Water withdrawals from surface and groundwater resources for irrigation currently amount to 2,797 km³ per year, which represents 70% of all water withdrawals in the world. In many drier countries, it is not unusual for irrigation water use to account for more than 90% of total water withdrawals.¹¹

Water used for irrigation is withdrawn from two main sources: aquifers (groundwater) or rivers, lakes, and reservoirs (surface water).¹² Surface water is water naturally open to the atmosphere, including rivers, lakes, reservoirs, ponds, streams, impoundments, and wetlands.¹³

4. Greve, P., Kahil, T., Mochizuki, J., Schinko, T., Satoh, Y., Burek, P., Fischer, G., Tramberend, S., Burtcher, R., Langan, S. and Wada, Y. 2018. Global assessment of water challenges under uncertainty in water scarcity projections. *Nature Sustainability*, Vol. 1, pp. 486-494. doi.org/10.1038/s41893-018-0134-9.
5. United Nations, The United Nations World Water Development Report 2021: Valuing Water. UNESCO, Paris, Page 71; 2016a. *High and Dry: Climate Change, Water, and the Economy*. Washington, DC, World Bank. openknowledge.worldbank.org/ handle/10986/23665. License: CC BY 3.0 IGO.
6. UNESCO, UN-Water, 2020: United Nations World Water Development Report 2020: Water and Climate Change, Paris, UNESCO, page 85.
7. FAO. 2017. The future of food and agriculture – Trends and challenges. Rome, Figure 3.4, page 38.
8. FAO. 2017. The future of food and agriculture – Trends and challenges. Rome, page 4.
9. United Nations, The United Nations World Water Development Report 2021: Valuing Water. UNESCO, Paris, page 69.
10. UNESCO, UN-Water, 2020: United Nations World Water Development Report 2020: Water and Climate Change, Paris, UNESCO, page 22.
11. United Nations, The United Nations World Water Development Report 2021: Valuing Water. UNESCO, Paris, page 68.
12. FAO 2011 The state of the world's land and water resources for food and agriculture (SOLAW) – Managing systems at risk. Food and Agriculture Organization of the United Nations, Rome and Earthscan, London, page 40.
13. <http://www.fao.org/faoterm/en/?defaultCollId=7> (accessed 1 June 2021).

2. Industry overview continued

Globally, surface water is the primary source of water, supplying approximately 60% of the world's irrigated land area.¹⁴ The total area equipped for irrigation at the global scale is 308 million ha.¹⁵

By 2050, agriculture is still expected to be the largest user of water globally, accounting for more than half of withdrawals from rivers, lakes and aquifers, and will need to become increasingly efficient. Agriculture will continue to be the largest user of developed water resources in most countries, often accounting for 70% or more of water withdrawals from rivers, lakes and aquifers. Increasing demand for water in cities and from industries, and for environmental flows¹⁶, will reduce the volume of water available for agriculture in many areas. Yet, globally, the volume of water transpired¹⁷ in crop and livestock production must increase between now and 2050 to keep up with increasing demand. In many regions, farmers will need to adapt to less water being available for irrigation.¹⁸

The largest contribution to increases in agricultural output will be most likely to come from intensification of production on existing agricultural land. This will require more efficient use of irrigation water through enhanced flexibility, reliability and timing of irrigation water delivery.¹⁹ While much of the prime agricultural land suitable for irrigation has been developed, the call for on-demand, just-in-time water services is rising.²⁰

2.3 Distribution of irrigation water

Water supply systems facilitate the transfer of water from its source to the farm.

Water is conveyed to fields through distribution infrastructure. Surface water is distributed from the source to individual farms through networks of channels (canals) or pipelines, with gravity commonly the driving force used to move water.

Groundwater must be pumped from aquifers to the surface. Individual farmers can use the groundwater from the site of extraction, or it is fed into channel or pipeline distribution systems.

2.4 Field application of irrigation water

There are three main methods used to apply irrigation water to crops²¹:

- surface irrigation (also known as flood, furrow or border-check irrigation);
- sprinkler irrigation; and
- micro irrigation (also known as drip, trickle or localised irrigation).

Micro and sprinkler methods are referred to as pressurised systems, as they operate under low pressure which generally involves some form of pumping, whereas surface irrigation systems largely rely on gravity to apply water to crops. Globally, 17% of the total irrigated area uses sprinkler irrigation, with micro irrigation used on 6% of the total irrigated area.²²

14. FAO 2011 The state of the world's land and water resources for food and agriculture (SOLAW) – Managing systems at risk. Food and Agriculture Organization of the United Nations, Rome and Earthscan, London, page 40.

15. ICID World Irrigated Area 2018 (<https://www.icid.org/world-irrigated-area.pdf>).

16. An environmental flow is any managed change in a river's flow pattern intended to maintain or improve river health. (http://www.nccma.vic.gov.au/sites/default/files/publications/nccma-65245_-_environmental_flows_q_.pdf).

17. Transpired – transpiration is the exhalation of water vapour through the stomata of a plant or leaf.

18. FAO 2015 Towards a Water and Food Secure Future: Critical Perspectives for Policy-makers, page viii.




19. FAO 2011 The state of the world's land and water resources for food and agriculture (SOLAW) – Managing systems at risk. Food and Agriculture Organization of the United Nations, Rome and Earthscan, London, page xxiv.

20. FAO 2011 The state of the world's land and water resources for food and agriculture (SOLAW) – Managing systems at risk. Food and Agriculture Organization of the United Nations, Rome and Earthscan, London, page 4.

21. The World Bank – Beyond Crop per Drop: Assessing Agricultural Water Productivity and Efficiency in a Maturing Water Economy, 2018, page 22.

22. International Committee on Irrigation and Drainage – Annual Report, 2017-2018, page 87.

Table 1: Field application of irrigation water

Application method		Description ²³
Surface		Surface irrigation application systems are based on the principle of moving water over the land by gravity
Sprinkler		Sprinkler irrigation systems consist of pipe networks, through which water moves under pressure before being delivered to the crop via overhead sprinkler nozzles
Micro		Micro irrigation systems distribute water under pressure through a piped network and apply it as a small discharge to each plant or adjacent to it

2.5 Water losses in irrigation areas

In many regions of the world, water for food production is used inefficiently.²⁴ This is a major driver of environmental degradation, including depletion of aquifers, reduction of river flows, degradation of wildlife habitats, and pollution.²⁵

Water losses occur in both the distribution systems and in the field application systems.

Scheme irrigation efficiency (the proportion of water pumped or diverted through the scheme inlet that is used effectively by the crops) has been estimated at roughly 40–50% globally. This figure varies widely among regions and drops to 28% in Sub-Saharan Africa and 26% in Central America and the Caribbean.²⁶

Despite the multiple benefits that water used for food production provides, its inefficient use has resulted in serious economic, social and environmental impacts (or negative values), such as the depletion of freshwater resources, deterioration of water quality, land degradation, increased vulnerability to climate shocks, and declines of biodiversity and ecosystem services.²⁷

If environmental flow requirements are to be satisfied without improving irrigation efficiency, half of the globally irrigated cropland would face production losses of more than 10%, with losses reaching 20–30% of total production in some regions such as Central and South Asia.²⁸

23. Scheierling, Susanne M., and David O. Tréguer. 2018. Beyond Crop per Drop: Assessing Agricultural Water Productivity and Efficiency in a Maturing Water Economy. International Development in Focus. Washington, DC: World Bank. doi:10.1596/978-1-4648-1298-9 License: Creative Commons Attribution CC BY 3.0 IGO, page 24.

24. D'Odorico, P., Chiarelli, D. D., Rosa, L., Bini, A., Zilberman, D. and Rulli, M. C. 2020. The global value of water in agriculture. *Proceedings of the National Academy of Sciences of the United States of America*, Vol. 117, No. 36, pp. 21985–21993. doi.org/10.1073/pnas.2005835117.

25. United Nations, The United Nations World Water Development Report 2021: Valuing Water. UNESCO, Paris, page 68.

26. United Nations, The United Nations World Water Development Report 2021: Valuing Water. UNESCO, Paris, page 70.

27. United Nations, The United Nations World Water Development Report 2021: Valuing Water. UNESCO, Paris, page 71.

28. United Nations, The United Nations World Water Development Report 2021: Valuing Water. UNESCO, Paris, page 72.

2. Industry overview continued

The UN World Water Report 2021 makes the observation that increasing water supply to irrigation must be coupled with options to improve water use efficiency (better management practices, technologies and regulatory measures).²⁹

With proper water accounting and the enforcement of strict withdrawal regulations, the adoption of highly efficient irrigation systems could reduce non-beneficial water consumption at the river basin level by more than 70% while maintaining the current level of crop yields, enabling the reallocation of water to other uses, including environmental restoration. While irrigation losses may appear high, as globally on average only 40–50% of the water supplied to agriculture reaches the crops, it is now widely accepted that a large part of these losses return to the river basin in the form of return flow or aquifer recharge, and can be tapped by other users further downstream or serve important environmental functions.³⁰

However, in managed river basins such as Australia's, uncredited surface return flows and the ground return flow are not legally protected as inflows to rivers for the environment or for downstream users. When irrigation in the Basin becomes more efficient, as it has been the case in the last 20 years, return flows diminish. This trend will continue into the future with or without public investments. In contrast, environmental water entitlements transferred from water saving from irrigation efficiency projects are legally protected for environmental use.³¹

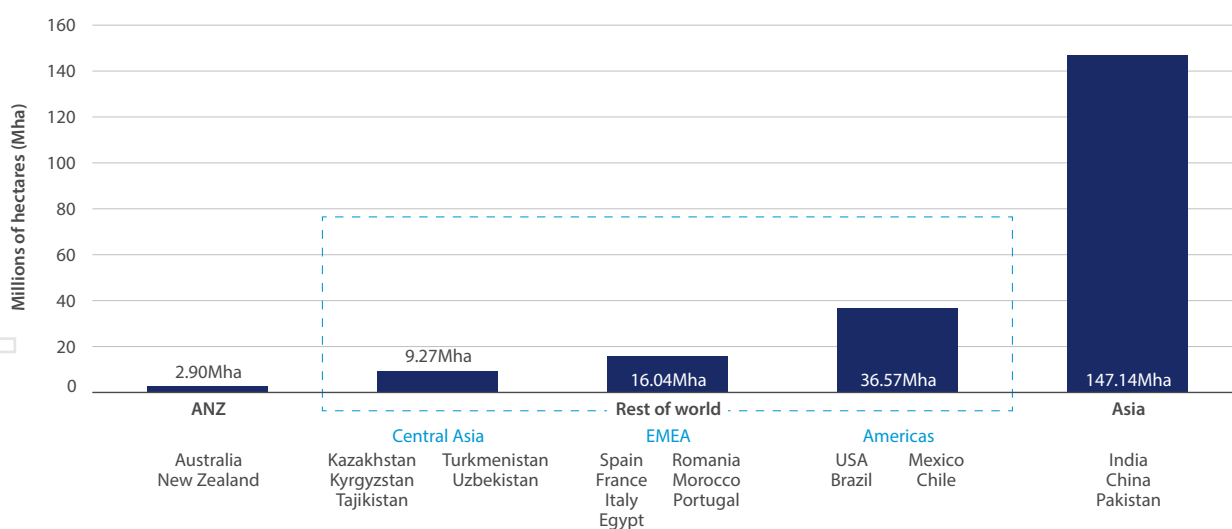
Environmental flows are not just about annual volumes of water, but about the "quantity, timing, and quality of freshwater flows". Environmental entitlements allow active management of this water to achieve an environmentally suitable flow regime.³²

2.6 Market size and growth

2.6.1 Global irrigated area

Globally, 308 million hectares of land is currently equipped for irrigation.³³ Of all countries, China has the largest irrigated area at 66 million hectares, followed closely by India with 62 million hectares.³⁴ Australia's 2.2 million hectares represents less than 1% of the global total.³⁵

Figure 1: Irrigated hectares in selected countries³⁶



29. United Nations, The United Nations World Water Development Report 2021: Valuing Water. UNESCO, Paris, page 73.

30. United Nations, The United Nations World Water Development Report 2021: Valuing Water. UNESCO, Paris, pages 73-74.

31. QJ Wang et al, 2018 Potential impacts of groundwater Sustainability Diversion Limits and irrigation efficiency projects on river flow volume under the Murray-Darling Basin Plan An Independent Review for the Murray-Darling Basin Authority, page vi.

32. QJ Wang et al, 2018 Potential impacts of groundwater Sustainability Diversion Limits and irrigation efficiency projects on river flow volume under the Murray-Darling Basin Plan An Independent Review for the Murray-Darling Basin Authority, page vii.

33. ICID World Irrigated Area 2018 (<https://www.icid.org/world-irrigated-area.pdf>).

34. ICID World Irrigated Area 2018 (<https://www.icid.org/world-irrigated-area.pdf>).

35. ICID World Irrigated Area 2018 (<https://www.icid.org/world-irrigated-area.pdf>).

36. Source: ICID Annual Report 2019-2020, page 93; FAO AQUASTAT Survey 2019; Stats NZ 2019 – <https://www.stats.govt.nz/indicators/irrigated-land-published-april-2019>; FAO AQUASTAT survey 2012, page 53.

2.6.2 Global irrigated agriculture market

The total global irrigated agriculture market is large and diverse, with Rubicon's operations spanning across a multitude of global sub-sectors. Specifically, the global agricultural irrigation automation market attained a market size of US\$1,341.8 million in 2019. Within this, the surface irrigation market accounted for US\$356.3m.³⁷

2.6.3 Market growth

The global agricultural irrigation automation market is expected to reach USD\$3,940.1 million by 2026, growing at a CAGR of 20.6% during 2020-2026. The surface irrigation market is expected to reach USD\$1,261.1 million by 2026 at a CAGR of 23.9%.³⁸

Due to the recent outbreak of COVID-19, manufacturers and sellers of irrigation automation have been facing numerous production issues, such as non-availability of raw materials, factory shutdowns, and shortage of resources.³⁹ Similarly, COVID-19 has also resulted in disruptions in the supply chains in the agriculture ecosystem.⁴⁰ Equipment supply has slowed down and affected the irrigation market. However, automated irrigation operations are less affected by the current pandemic owing to less human intervention, and are likely to show more vigorous demand in the coming years.⁴¹

Growing awareness amongst farmers about the benefits of implementing irrigation automation systems is one of the strong contributors to the growth of the market.⁴² Government incentives and subsidies in the form of low-interest loans are promoting automated irrigation systems and it is likely to raise usage of these systems in the foreseeable period of time.⁴³

2.7 Market profiles

2.7.1 Introduction

Australia currently has a more developed modern irrigation infrastructure compared with a number of other countries. Rubicon believes that increasing water scarcity may result in governments and irrigation water authorities in other countries implementing policies to modernise antiquated irrigation infrastructure in a similar manner as has occurred in Australia.

Set out below is an overview of the main markets in which Rubicon currently does business.

2.7.2 ANZ

2.7.2.1 Australia

In 2020 Australia had 1.5 million hectares of irrigated agricultural land with the majority lying within the Murray-Darling Basin.⁴⁴

Irrigation contributes disproportionately to Australian agricultural production, consistently accounting for about 27% of the value of Australia's total agricultural production, while only occupying 0.6% of the land used for agriculture.⁴⁵

The Millennium Drought, from 2001 to 2009, saw the formation of Australia's National Water Initiative – an agreement by state governments to increase the efficiency of Australia's water use, provide investment confidence, supply security for rural and urban communities and provide greater certainty for the environment.

Australia committed \$12.9 billion⁴⁶ to recover 3,200 gigalitres⁴⁷ of water for the environment, in large part through investments in irrigation infrastructure. Automation of the Murray-Darling Basin's irrigation districts using Rubicon's autonomous channel control technology has been central to Murray-Darling Basin irrigation modernisation, with most of the large districts adopting Rubicon's solutions.

37. KBV Research – Global Irrigation Automation Market Analysis (2020 – 2026) November – 2020, pages 63 and 68.

38. KBV Research – Global Irrigation Automation Market Analysis (2020 – 2026) November – 2020, pages 63 and 68.

39. KBV Research – Global Irrigation Automation Market Analysis (2020 – 2026) November – 2020, page 46.

40. KBV Research – Global Irrigation Automation Market Analysis (2020 – 2026) November – 2020, page 46.

41. KBV Research – Global Irrigation Automation Market Analysis (2020 – 2026) November – 2020, page 46.

42. KBV Research – Global Irrigation Automation Market Analysis (2020 – 2026) November – 2020, page 49.

43. KBV Research – Global Irrigation Automation Market Analysis (2020 – 2026) November – 2020, page 48.

44. Australian Bureau of Statistics – <https://www.abs.gov.au/statistics/industry/agriculture/water-use-australian-farms/2019-20>

45. Australian Bureau of Statistics – Gross Value of Irrigated Agricultural Production, 2015-16, 2017 4610.055.008 – Gross Value of Irrigated Agricultural Production, 2015-16; and The World Bank – <https://data.worldbank.org/indicator/AG.LND.IRIG.AG.ZS?locations=AU>

46. Australian National Audit Office, 2010. <https://www.anao.gov.au/work/performance-audit/administration-water-smart-australia-program>

47. Murray Darling Basin Authority, Regulation Impact Statement, Basin Plan *Water Act 2007* (Cth), page 5.

2. Industry overview continued

2.7.2.2 New Zealand

Irrigated agricultural land covers 735,000 hectares of New Zealand's land area, with the greatest concentration in the South Island region of Canterbury.⁴⁸ In the twenty-first century, there has been a significant expansion of irrigated land, with the area almost doubling between 2002 and 2019.⁴⁹

2.7.3 Asia

2.7.3.1 India

India has 62 million hectares of irrigated land.⁵⁰

Agriculture accounts for nearly 90% of water use in India⁵¹, with 62% sourced from often unsustainable groundwater wells.⁵² India's extensive channel distribution network is characterised by low water use efficiency and unreliability. Many farmers pump groundwater to supplement the surface supply system, contributing to the significant groundwater depletion rate. Reduced physical availability, coupled with an increasing population, has seen national per capita annual water availability reduce by 15% between 2001 and 2011.⁵³

The Indian Government has committed to prioritising water security, doubling farm incomes by 2022, and sees agriculture as playing an important role in achieving its goal of becoming a USD 5 trillion (AUD 6.7 trillion⁵⁴) economy by FY2025.⁵⁵ To achieve its goal, the country has outlined plans to spend INR 111 trillion⁵⁶ (AUD 2 trillion⁵⁷) between FY20 and FY25 in its National Infrastructure Pipeline, including INR 8.9 trillion (AUD 159 billion) on irrigation infrastructure.⁵⁸ As of July 2021, 551 irrigation projects worth USD 167.01 billion (AUD 222.1 billion) are listed under the plan.⁵⁹

In 2020, the Indian Government also announced USD 119.3 billion (AUD 158.7 billion) in capital expenditure over five years for irrigation as part of its INR 20 trillion (AUD 358 billion) COVID-19 stimulus package.⁶⁰

2.7.3.2 China

China has 65.9 million hectares of irrigated land.⁶¹

China has almost 20% of the world's population but only 6% of the world's freshwater, leaving it with much less water available per capita than most other countries.⁶² Over the past few decades expanding agricultural production, increasing industrial output and growing population have increased pressure on water resources.⁶³

48. Stats NZ – <https://www.stats.govt.nz/indicators/irrigated-land#:~:text=The%20area%20of%20irrigated%20agricultural,and%2084%20percent%20in%202017>

49. Stats NZ – <https://www.stats.govt.nz/indicators/irrigated-land#:~:text=The%20area%20of%20irrigated%20agricultural,and%2084%20percent%20in%202017>

50. ICID World Irrigated Area 2018 (<https://www.icid.org/world-irrigated-area.pdf>).

51. Organisation for Economic Cooperation and Development – India Policy Brief, 2014, page 1.

52. Central Water Commission – Water and Related Statistics, April 2015, page 17.

53. Central Water Commission – Water and Related Statistics, April 2015 Page 6 – 1816 cu m in 2001 1544 cu m in 2011.

54. USD/AUD 0.7518 as at 30 June 2021.

55. Department of Economic Affairs Ministry of Finance Government of India – Report of the Task Force National Infrastructure Pipeline Volume 1, 2020, page 25.

56. Department of Economic Affairs Ministry of Finance Government of India – Report of the Task Force National Infrastructure Pipeline Volume 1, 2020, page 32.

57. INR/AUD 55.92 as at 30 June 2021.

58. Department of Economic Affairs Ministry of Finance Government of India – Report of the Task Force National Infrastructure Pipeline Volume 1, 2020 page 34.

59. Government of India Ministry of Commerce and Industry Department for Promotion of Industry and Internal Trade India Investment Grid – <https://indiainvestmentgrid.gov.in/opportunities/nip-projects/water-and-sanitation?subSector=123>

60. KPMG – Catalysing the National Infrastructure Pipeline August 2020 pages 3 and 45 <https://assets.kpmg/content/dam/kpmg/in/pdf/2020/08/catalysing-the-national-infrastructure-pipeline-project-india.pdf>

61. ICID Annual Report 2016-2017, page 83.

62. Sustainability – China's Water-Saving Irrigation Management System: Policy, Implementation, and Challenge, 2017, page 1.

63. Sustainability – China's Water-Saving Irrigation Management System: Policy, Implementation, and Challenge, 2017, page 1.

The agriculture sector is the biggest water user, accounting for 64% of total freshwater withdrawals.⁶⁴ Surface water accounted for 82% of China's total water supply in 2016 while groundwater accounted for only 18%.⁶⁵ Increasing urban and industrial demand for water are expected to lead to increasing water stress throughout the country.

In 2020, the Chinese Ministry of Water Resources announced that it would invest CNY 1.29 trillion (AUD 266 billion⁶⁶) in 150 major water conservancy projects between 2020 and 2022, including irrigation, which will add 1.9 million hectares of irrigated area.⁶⁷

2.7.4 Rest of the World

2.7.4.1 USA

In the United States, irrigated farms account for almost 40% of the value of US agricultural production, with irrigation concentrated in the western part of the United States (Nebraska, California, Arkansas, Texas, Idaho, Kansas and Colorado).⁶⁸ Roughly 26.7 million hectares⁶⁹ of agricultural land is irrigated, with nearly three-quarters in the 13 western-most contiguous States. Nebraska has the largest share of irrigated area (15%), followed by California (14%).⁷⁰

There are significant government-funded conservation programs which provide funds for irrigation modernisation including over USD 2 billion (AUD 2.7 billion⁷¹) annually from the US Department of Agriculture's Conservation Stewardship Program⁷², over USD 1.8 billion (AUD 2.4 billion) Environmental Quality Incentives Program⁷³ and over USD 52 million (AUD 69.2 million) Regional Conservation Partnership Program.⁷⁴ The US Bureau of Reclamation also provides over USD 40 million (AUD 53.2 million) annually in irrigation modernisation funding from its WaterSMART grants⁷⁵ in the western states.

2.7.4.2 Chile

Of the 15.7 million hectares of agricultural land in Chile⁷⁶, 1.09 million are equipped for irrigation⁷⁷, with the majority located in central and northern areas. Agricultural water accounts for 83% of water extractions, with 92% coming from surface sources.⁷⁸ Mining is the largest contributor to GDP and is a large water user, competing strongly for water, especially in the north.

Chile is experiencing a major drought that has lasted for more than 10 years in some areas⁷⁹, and water demand is projected to rise in the coming decades. The OECD ranks Chile as the 10th country out of 142 most exposed to agricultural water risks.⁸⁰

Recognising that agricultural activity in Chile is critical both economically and socially, the Chilean government and the private sector have significant funds to invest in irrigation modernisation. In 2019, the government announced USD 5 billion (AUD 6.7 billion⁸¹) in spending to address the water crisis, which included funds for increasing the efficiency of irrigation water from 40 to 90%.⁸²

64. World Bank <https://data.worldbank.org/indicator/ER.H2O.FWAG.ZS?end=2017&start=2017>

65. <https://www.chinawaterrisk.org/the-big-picture/chinas-water-sources/>

66. CNY/AUD 4.8553 as at 30 June 2021.

67. http://www.gov.cn/zhengce/2020-07/26/content_5530073.htm (Note: 1 hectare = 15 mu).

68. Organisation for Economic Cooperation and Development – Trends and Drivers of Agri-environmental Performance in OECD Countries, 2019 pages 92-93 – Read online <https://www.oecd-ilibrary.org/sites/f5083506-en/index.html?itemId=/content/component/f5083506-en>

69. ICID World Irrigated Area 2018 (<https://www.icid.org/world-irrigated-area.pdf>).

70. US Department of Agriculture – <https://www.ers.usda.gov/topics/farm-practices-management/irrigation-water-use/#trends>

71. USD/AUD 0.7518 as at 30 June 2021.

72. https://www.nrcs.usda.gov/Internet/NRCS_RCA/reports/fb08_cp_cstp.html

73. https://www.nrcs.usda.gov/Internet/NRCS_RCA/reports/fb08_cp_eqip.html

74. https://www.nrcs.usda.gov/Internet/NRCS_RCA/reports/srpt_cp_rcpp.html

75. <https://www.usbr.gov/newsroom/#/news-release/3794>

76. <https://data.worldbank.org/indicator/AG.LND.AGRI.K2?locations=CL>

77. 2017 ICID Annual Report page 88.

78. United Nations Food and Agriculture Organisation – Perfil de País: Chile, 2015 Table 6 page 8.

79. NASA Earth Observatory 2019, <https://earthobservatory.nasa.gov/images/145874/long-term-drought-parches-chile>

80. Organisation for Economic Cooperation and Development – Water Risk Hotspots for Agriculture, 2017 page 36 – https://read.oecd-ilibrary.org/agriculture-and-food/water-risk-hotspots-for-agriculture_9789264279551-en#page38

81. USD/AUD 0.7518 as at 30 June 2021.

82. <https://www.biobiochile.cl/noticias/nacional/chile/2019/09/05/sebastian-pinera-anuncia-inversion-de-us5-mil-millones-para-combatir-sequia.shtml>

2. Industry overview continued

In the face of ongoing drought, the government has made irrigation modernisation a focus of its COVID-19 recovery funding program. For 2021, the National Irrigation Commission (CNR) has received an increase in funding, with a budget of CLP 140 billion (AUD 252 million⁸³) annually. This will be used to progress another 1,600 projects.⁸⁴

2.7.4.3 Mexico

Mexico has around 6.46 million hectares of irrigated land.⁸⁵ 60% of the equipped area is supplied from surface water sources, and 80% of the area irrigated is done so using surface irrigation.⁸⁶

Increasing water withdrawals from basins and aquifers have led to significant water stress in Mexico, particularly in central and northern areas. Mexico has 6.46 million hectares equipped for irrigation with around half of that area managed by 85 large irrigation districts.⁸⁷ Historical underinvestment has led to a deterioration in the infrastructure, a decrease in efficiency, and the area effectively irrigated in 2007 falling to 5.44 million hectares.⁸⁸ Agriculture accounts for 77% of total withdrawals⁸⁹, but Conagua, the national water commission, estimates that about half of this water is lost, representing a large opportunity to increase water availability.⁹⁰

In its national water plan, Conagua has outlined its objectives to improve water use efficiency in the agricultural sector by modernising irrigation infrastructure, better controlling and measuring the supply and consumption of agricultural water, while encouraging the use of renewable energy.⁹¹

2.7.4.4 Spain

Spain has around 3.6 million hectares of irrigated land⁹², 74% of the volume of water available for irrigation comes from surface sources.⁹³

Some 2.6 million hectares of farms have been modernised with pressurised irrigation application systems⁹⁴, however, until now there has been relatively little investment in off-farm surface water distribution networks.

The Spanish Government's 2021 Plan for Recuperation, Transformation and Resilience includes proposed investments in modernisation of irrigation.⁹⁵

2.7.4.5 Italy

Italy's irrigated area covers 2.4 million hectares.⁹⁶

Irrigated agriculture in Italy accounts for 21% of agricultural land, 30% of farms and about 50% of total agricultural production. Around 60% of Italian agricultural exports are produced by irrigated agriculture. Italy has unequally distributed water resources, more abundant, although increasingly pressured, in the Po Valley but scarce and unreliable in the South. Groundwater accounts on average for 30% of water sources in agriculture but it is the main source for agriculture in some areas of Tuscany and Puglia, while surface water resources are predominant in the northern regions with the exception of Liguria. Irrigated land is mostly located in the northern Po Valley (about 1.72 million hectares) and in the southern regions (about 800,000 hectares). Farming in Italy represents about 61% of consumptive use of water, with irrigation estimated at 45% of withdrawals. Water demand for agriculture has been decreasing since 1970, although future water demand for irrigation is forecasted to stabilize around the present level of consumption. Regarding irrigation technologies, 37% of the irrigated area in Italy is sprinkler irrigated, while 38% is irrigated by flooding or watering techniques and 20% is drip irrigated.⁹⁷

83. CLP/AUD 555.56 as at 30 June 2021.

84. Campo – Sube el riego, cae el SAG, 14 December 2020.

85. ICID World Irrigated Area 2018 (<https://www.icid.org/world-irrigated-area.pdf>).

86. FAO 2014. AQUASTAT Perfil de País – Mexico. Organización de las Naciones Unidas para la Alimentación y la Agricultura, Roma, Italia page 14.

87. FAO 2014. AQUASTAT Perfil de País – Mexico. Organización de las Naciones Unidas para la Alimentación y la Agricultura, Roma, Italia page 12.

88. FAO 2014. AQUASTAT Perfil de País – Mexico. Organización de las Naciones Unidas para la Alimentación y la Agricultura, Roma, Italia page 12.

89. FAO 2014. AQUASTAT Perfil de País – Mexico. Organización de las Naciones Unidas para la Alimentación y la Agricultura, Roma, Italia page 11.

90. Comisión Nacional del Agua (Conagua) – Programa Nacional Hídrico 2020-2024. page 9.

91. Comisión Nacional del Agua (Conagua) – Programa Nacional Hídrico 2020-2024, page 26.

92. ICID Annual Report 2016-2017, page 87.

93. Hurtado, Mall, Martin, Pardo 2011, Water Services and Sanitation in Spain, page 3.

94. 2018 ICID Annual Report page 86.

95. 2021 Plan de Recuperación, Transformación Y Resiliencia, Gobierno de España.

96. ICID Annual Report 2016-2017, page 87.

97. 2010 OECD Agricultural Water Pricing: EU and Mexico, page 27.

The primary and secondary Italian irrigation network accounts for 23,000 km in length. In particular, the network of the Po River (over 11,000 km) in the North followed by that of the Southern Apennines (approx. 4,000 km).⁹⁸

As one of the countries impacted most by the COVID-19 crisis, Italy will receive the largest portion of the European Union's NextGenEU COVID-19 recovery grants. The Italian Government's Next Generation Italia submission details EUR 15.03 billion (AUD 23.78 billion⁹⁹) for 'Protection and Enhancement of Land and Water Resources' with the following objectives¹⁰⁰:

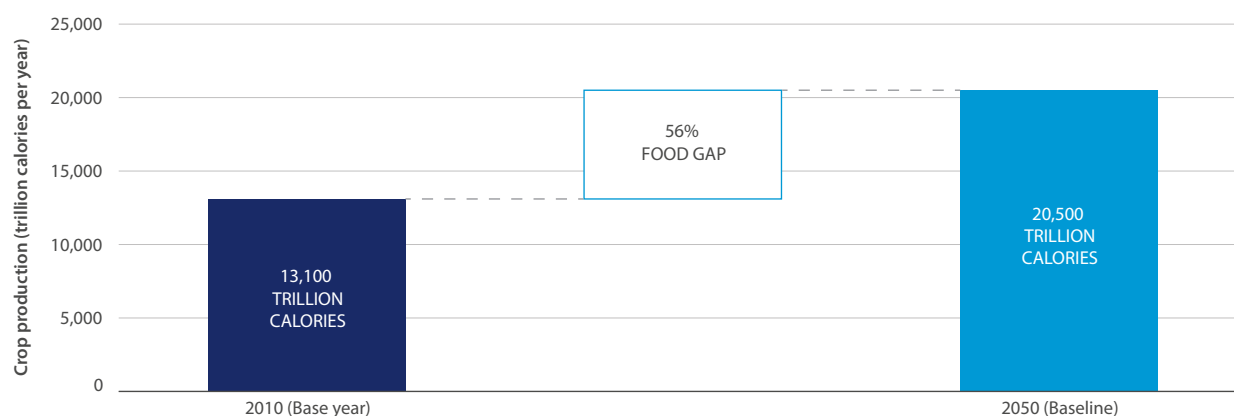
- Ensure the security of water supply for drinking water, irrigation and industrial purposes and a reduction of water dispersion through effective, efficient and sustainable management of water resources.
- Pursue the care, protection and improvement of environmental quality through integrated management of river basins.
- Prevent and counter the effects of climate change on hydrogeological disruption and on the sustainable management of the irrigated and forestry agro-ecosystem.
- Digitalise and innovate processes related to the management of water resources and the risk of floods and territorial preservation also for the purposes of the circular water economy.
- Implement an urban forestry programme to contribute to CO₂ capture.

2.8 The growth drivers: Water scarcity and increasing demand for food

2.8.1 Population growth

Projections indicate that the world population will increase from 7.7 billion people in 2019 to 9.7 billion in 2050¹⁰¹, while over a similar time, economic development is expected to skew food demand growth towards resource-intensive meat, fish, and dairy products.¹⁰² To meet the increased demand, by 2050 the world will need to produce 56% more crop calories than were produced in 2010.¹⁰³ This equates to the production of an additional 7,400 trillion calories annually.¹⁰⁴

Figure 2: The difference between the amount of food produced in 2010 and the amount necessary to meet likely demand in 2050¹⁰⁵



Note: Includes all crops intended for direct human consumption, animal feed, industrial uses, seeds, and biofuels.

98. Istituto Nazionale di Economia Agraria – Atlas of Italian Irrigation Systems, 2014, page 30.

99. EUR/AUD 0.6320 as at 30 June 2021.

100. PNRR Next Generation Italia 2021, pages 89 – 92.

101. United Nations – World Population Prospects 2019 Revision, 2019 <https://www.un.org/development/desa/publications/world-population-prospects-2019-highlights.html>

102. Food and Agriculture Organization of the United Nations Rome 2017. Water for Sustainable Food and Agriculture, page 4.

103. World Resources Institute – Creating a Sustainable Food Future: A Menu of Solutions to Feed Nearly 10 Billion People by 2050, 2018, page 1.

104. World Resources Institute – Creating a Sustainable Food Future: A Menu of Solutions to Feed Nearly 10 Billion People by 2050, 2018 page 16.

105. Source: WRI, 2018 "Creating a Sustainable Food Future – A Menu of Solutions to Feed Nearly 10 Billion People by 2050" Figure 1 page 17. WRI analysis based on FAO (2017a); UNDESA (2017); and Alexandratos and Bruinsma (2012).

2. Industry overview continued

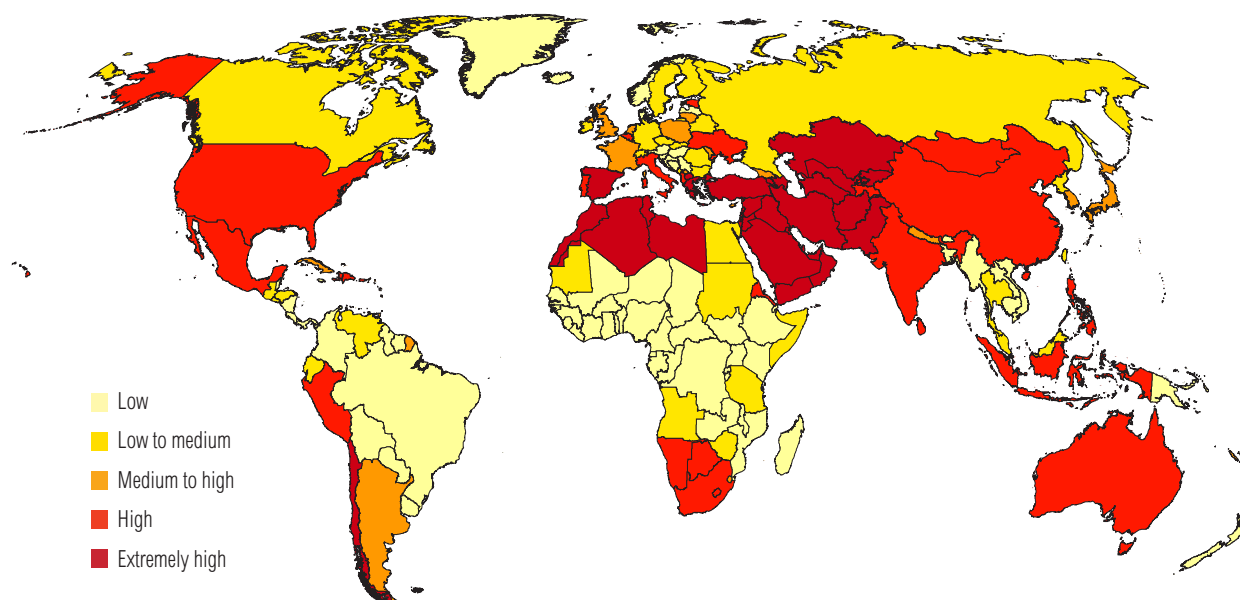
2.8.2 Land constraints

Globally, there are few opportunities for expanding the amount of agricultural land. Most of the economically viable land is already under cultivation and bringing more land into production would carry heavy environmental, social and economic costs according to the United Nations Food and Agriculture Organisation.¹⁰⁶ Sustainably closing the food, land and GHG mitigation gaps by 2050 will depend on increasing food production without expanding agricultural land.¹⁰⁷

2.8.3 Water scarcity

Water resources are already under stress in many parts of the world and the situation is predicted to get worse with over 40% of the world's population projected to be living in river basins experiencing severe water stress by 2050.¹⁰⁸

Figure 3: Predicted global water stress 2040¹⁰⁹



2.8.4 Global hazard, exposure and vulnerability to drought

Droughts are defined as long periods of time when there is a shortage of water, often because of lower than usual rainfall.¹¹⁰ Dams capture and store water when it rains and can provide water for river systems over many years. However, when there are long periods with little or no rain, and there isn't enough water flowing from the river sources, the amount of water stored will drop. When this happens, water shortages affect the whole river system.¹¹¹

106. United Nations Food and Agriculture Organisation – The Future of Food and Agriculture – Trends and Challenges, 2017, page 32.

107. WRI, 2018 "Creating a Sustainable Food Future – A Menu of Solutions to Feed Nearly 10 Billion People by 2050" Table 4-1 page 36.

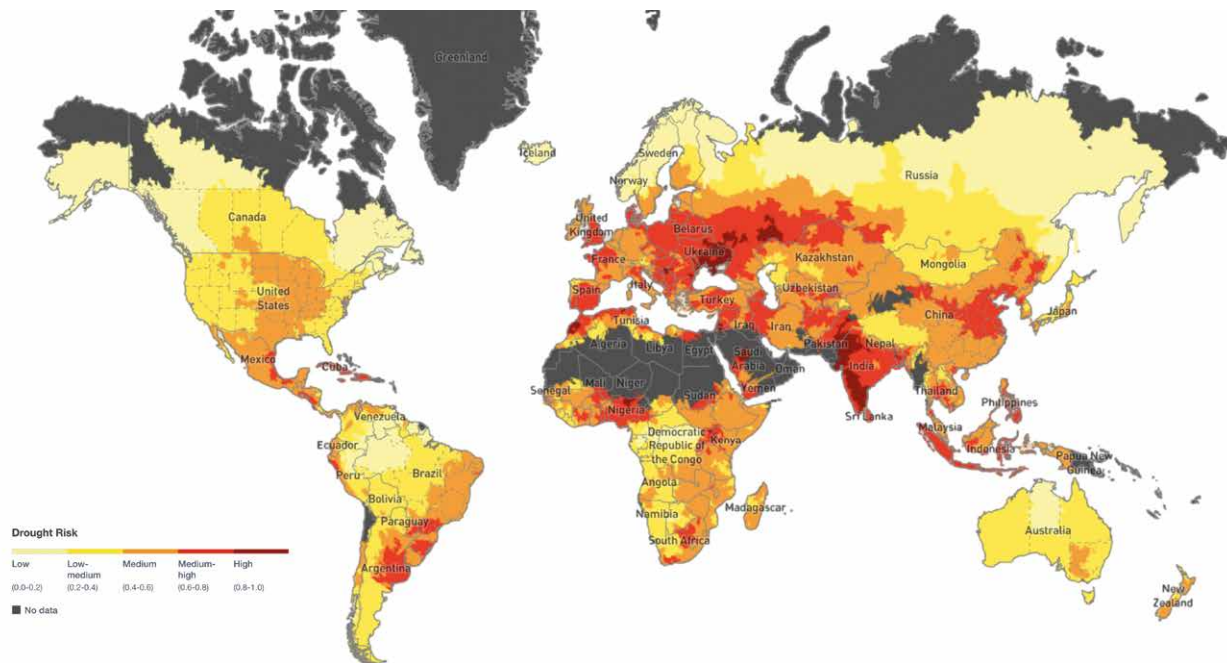
108. Organisation for Economic Cooperation and Development – Environmental Outlook to 2050, 2012, page 4.

109. Source: WRI "https://www.wri.org/blog/2015/08/ranking-world-s-most-water-stressed-countries-2040"

110. https://www.mdba.gov.au/issues-murray-darling-basin/drought

111. https://www.mdba.gov.au/issues-murray-darling-basin/drought

Figure 4: World Resources Institute global map of drought risk¹¹²



The World Resources Institute's Aqueduct website presents a Water Risk Atlas that considers the world's Drought Risk. Drought risk is assessed for the period 2000-2014 and is based on the product of three independent determinants: hazard, exposure and vulnerability.¹¹³

The proposed scale of risk is not a measure of absolute losses or actual damage to human health or the environment, but is suitable for ranking and comparison of input geographic regions.¹¹⁴ Australia is assessed as having a low to medium risk. Many countries in Europe and Asia are assessed as having medium to high drought risks.

Irrigation consumes the bulk of the water extracted from various sources, and hence the efficiency of its use is of utmost importance.¹¹⁵ By reducing wastage of stored water, existing dam infrastructure can be better utilised to make more water available.

As climate change projections foresee an increase of drought frequency and intensity for currently exposed regions, then these results direct attention to aggravated risk for global food insecurity and potential for civil conflict. Nevertheless, as most agricultural regions show high infrastructural vulnerability, then regional drought risk management in these areas might benefit from an improvement of irrigation and water harvesting systems.¹¹⁶

Rubicon's management expects future drought impacts on rainfed agriculture to increase the world's reliance on irrigated agriculture. Rubicon also anticipates that the requirement for improved utilisation of stored water will contribute to a growing focus on improved agricultural water use efficiency in irrigated agricultural regions.

112. https://www.wri.org/applications/aqueduct/water-risk-atlas/#/?advanced=false&basemap=hydro&indicator=drr_cat&lat=4.5654735507102915&lng=-48.69140625&mapMode=view&month=1&opacity=0.5&ponderation=DEF&predefined=false&projection=absolute&scenario=optimistic&scope=baseline&timeScale=annual&year=baseline&zoom=2

113. 2015 Hugo Carrao, Gustavo Naumann, Paulo Barbosa: Mapping global patterns of drought risk: An empirical framework based on sub-national estimates of hazard, exposure and vulnerability, page 108.

114. 2015 Hugo Carrao, Gustavo Naumann, Paulo Barbosa: Mapping global patterns of drought risk: An empirical framework based on sub-national estimates of hazard, exposure and vulnerability. page 122.

115. Koeh and Langat, 2018: Improving Irrigation Water Use Efficiency: A Review of Advances, Challenges and Opportunities in the Australian Context, page 1.

116. 2015 Hugo Carrao, Gustavo Naumann, Paulo Barbosa: Mapping global patterns of drought risk: An empirical framework based on sub-national estimates of hazard, exposure and vulnerability, page 122.

2. Industry overview continued

2.8.5 Climate change

Climate variability has a significant impact on crop yields and studies have demonstrated that climate change has already had negative impacts.¹¹⁷ The majority of climate change modelling studies agree that the influence on yields will be negative from the 2030s onwards, with nearly half of projections beyond 2050 indicating decreases greater than 10%.¹¹⁸ However, uncertainties in projections limit the value of precise forecasts and they should be treated with caution.

2.9 Competitive landscape

2.9.1 Off-farm

The size, complexity and interdependencies of large-scale supply systems is such that tight integration between the many sub-components (software, actuators, sensors, communications and computing) is required to seamlessly deliver a high level of service and efficiency outcomes.

While Rubicon has individual competitors selling sub-components in various markets, it knows of no competitors offering solutions that develop and manufacture their own measurement instrumentation, control hardware and management software to offer end-to-end solutions.

Competition does exist in the form of systems integrators who combine hardware and software from a variety of suppliers to form solutions that autonomously control channels, although commonly these solutions automate individual control structures and do not offer automation of entire systems. Competitors in this area include Société du Canal de Provence (France), the Interstate Technology and Regulatory Council (US) and Sierra Controls LLC (US).

There are competitors in the SCADA¹¹⁹ market, which encompasses software and telemetry that is managed by human operators to remotely monitor and control equipment. Often, these solutions have been developed for the broader utilities market, and not specifically to manage the supply of irrigation water. Unlike Rubicon, they do not offer integrated management software or autonomous channel control. Competitors in this area include Schneider Electric (France), Riegosalz (Spain) ClearSCADA, SCADAGroup, GE Digital, Siemens, SCADAventure and AVEVA.

Rubicon faces competition on an individual component basis in each sub-sector, notably in the areas of management software, automated control gates, channel water level and flow measurement, and farm supply points. Competitors are generally fragmented at both product and geographic levels. Rubicon's products have the competitive advantage of being developed specifically for irrigation environments, whereas many competitor offerings are adapted from urban water or other industries. Generally, Rubicon's offerings provide a much higher degree of integration than competitors. For example, FlumeGates, SlipMeters and PikoMeters feature integrated flow control and measurement in a single device – functionality that is traditionally supplied in separate devices. In many markets, automation and remote management of hardware is achieved through local integrators retrofitting manual devices with telemetry, measurement instrumentation and actuators.

Automated control gate competitors include AWMA (Australia) and Watch Technologies (US). Flow measurement competitors include Siemens (Germany), Sontek (US), Aquamonix (Australia), and Mace (Australia).

Software competitors include Watervize (water order management, water accounting and asset management in the US), Truepoint (water ordering, water accounting, billing in the US), and Capta Hydro (remote monitoring and control in Chile).

2.9.2 On-farm

There are a number of competitors in the market that offer solutions for on-farm irrigation scheduling and application automation. Established global industry participants include Netafim, Lindsay, Valmont and Jain, who specialise in the pressurised application market.

There are a number of companies that offer on-farm control solutions for surface irrigation and these are typically in-country. Examples of competitors are Padman Stops and AWMA in the Australian market, and Watch Technologies in the USA.

Upon launch, FarmConnect¹²⁰, Rubicon's next generation precision surface irrigation technology, will be one of few platforms with global reach that offers both monitoring and control functionality to automate surface irrigation.

117. Scientific Reports – Climate-Driven Crop Yield and Yield Variability and Climate Change Impacts on the U.S. Great Plains Agricultural Production, 2018.

118. <https://ccaafs.cgiar.org/bigfacts/#theme=climate-impacts-production>

119. Supervisory Control And Data Acquisition.

120. See Section 3.5.4.2 for more information.



3. Company overview



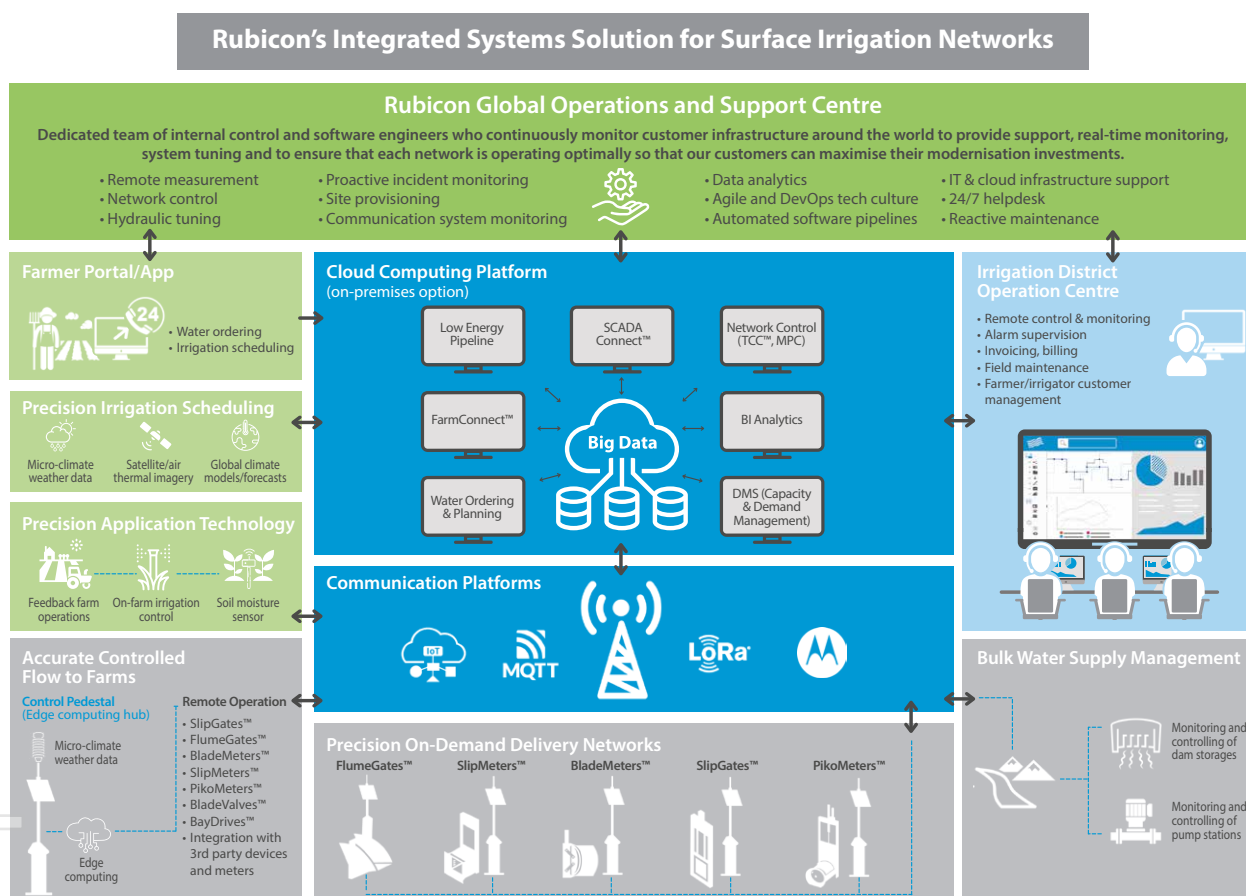
3. Company overview

3.1 Introduction

Rubicon is a water technology solutions business that designs, manufactures, installs and maintains irrigation automation software and hardware. Rubicon aims to address the issue of global water scarcity by maximising water availability and agricultural productivity through improved irrigation water use efficiency.

Rubicon's solutions are used by governments, irrigation water authorities and farmers to modernise gravity-fed irrigation distribution channel networks and on-farm irrigation systems. The solutions improve water-use efficiency by reducing spills, accurately measuring and accounting for water, and improving the reliability, flexibility, timeliness and accuracy of supply of water to farms.

Figure 5: Rubicon's integrated systems solution for surface irrigation networks



3.2 Company history

Rubicon Water Limited was established as Rubicon Systems Australia in 1995, with the business originally focussing on offering water management software and traditional remote management solutions for irrigation water authorities.

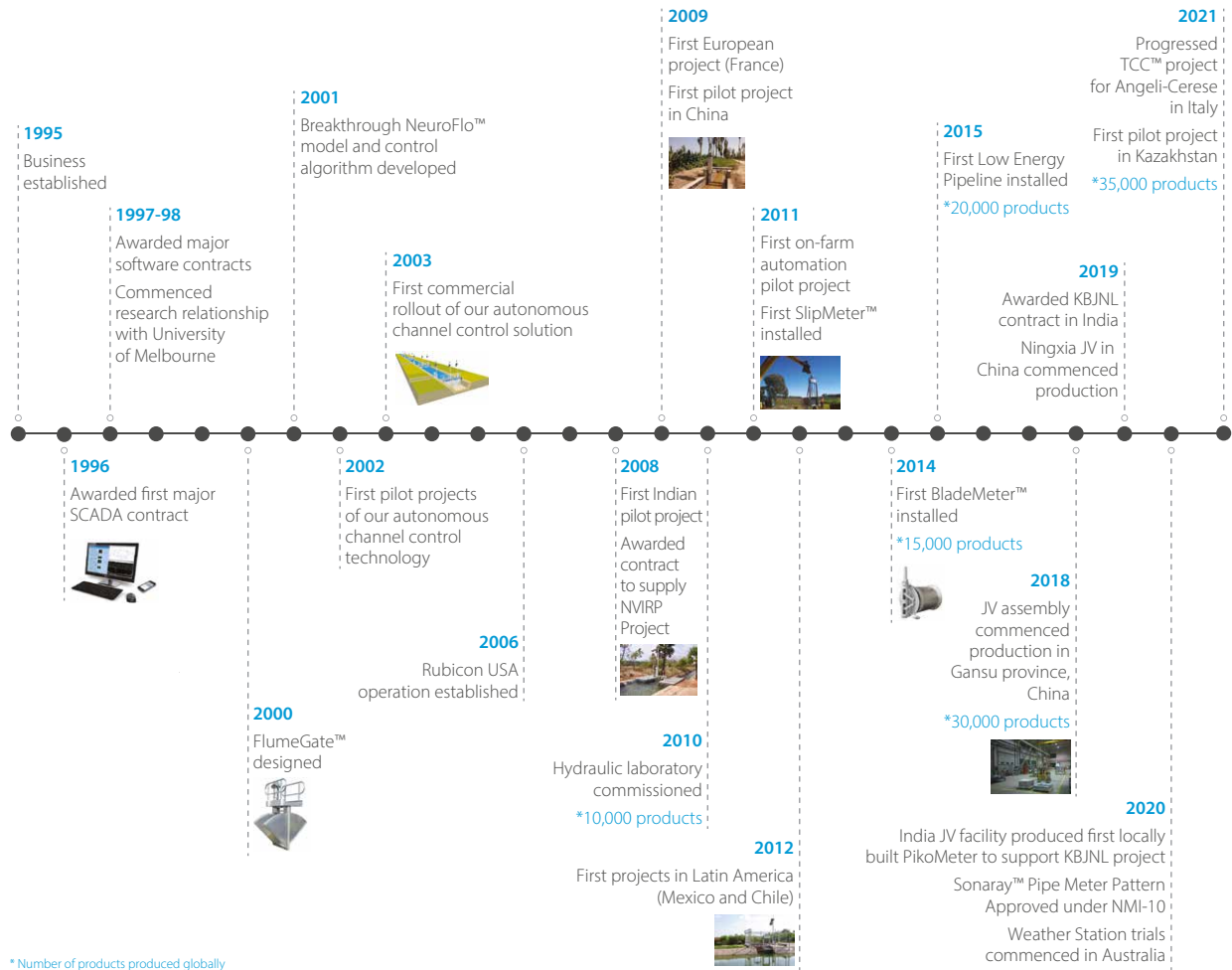
Rubicon then turned its attention to addressing a fundamental industry challenge: how to provide a high-quality, on-demand supply service to farms whilst reducing losses in gravity supply systems.

In developing a solution, Rubicon formed a research partnership with The University of Melbourne's Department of Electrical & Electronic Engineering, which commenced in 1998 and continues to this day. The relationship resulted in several breakthroughs which ultimately led to the development of Rubicon's autonomous channel control solution (**TCC Network Control**). Among the breakthroughs was the development of patented control algorithms, system identification control engineering techniques and the FlumeGate®, a smart gate which integrates several enabling technologies in a mass-producible device.

Commercial deployment of Rubicon's solution commenced in 2002 for Coleambally Irrigation in New South Wales, and Goulburn-Murray Water in Victoria. Subsequently, Australia's major irrigation water authorities have adopted the solution. The largest implementation to date is in the Goulburn-Murray Irrigation District in Victoria. So far, the system encompasses over 12,750 sites and more than 3,000 km of automated channels. This modernisation project, the largest irrigation modernisation project in Australia's history, is now officially complete, with the Australian and Victorian governments announcing the \$2 billion project will deliver 429 gigalitres in annual water savings.¹²¹

Rubicon commenced international operations in 2006 with the establishment of Rubicon's USA business, where Rubicon currently has a number of irrigation water authority customers. Rubicon's entry into other international markets has since followed, including China and Europe in 2009, and Latin America and New Zealand in 2012 to 2013.

Figure 6: Timeline of Rubicon's company history



In China, Rubicon has established joint ventures in Ningxia and Gansu provinces, both of which include assembly facilities. Currently, Rubicon is rolling-out its largest Chinese projects to date for Litong Irrigation in Ningxia Province (a control solution encompassing more than 800 sites). Rubicon has now supplied more than 1,450 sites to more than 15 districts in China.

In February 2019, Rubicon was awarded the contract to modernise irrigation regions within the Upper Krishna Project in the state of Karnataka in India (**KBJNL Project Contract**). The project will modernise over 3,000 km of channels, with 4,300 gates and meters to be installed. The contract marks a significant breakthrough for Rubicon in the Indian market, which represents one of Rubicon's most prospective avenues for international growth.

Rubicon is led by a highly experienced management team with significant experience in global agricultural irrigation solutions.

121. "Connections Project to deliver 429 gigalitres in water savings" <https://minister.awe.gov.au/pitt/media-release/connections-project>.

3. Company overview continued

3.3 Revenue model

3.3.1 Overview

Rubicon generates revenue through sales of hardware, software and services, as well as from ongoing maintenance of the installed end-to-end solution base.

Rubicon's products include automated water control gates and valves, accurate flow meters, software, wireless data networks, and on-farm irrigation hardware. These products integrate to form solutions that transform how water is managed from the source (such as a dam or a river) right through to the crop.

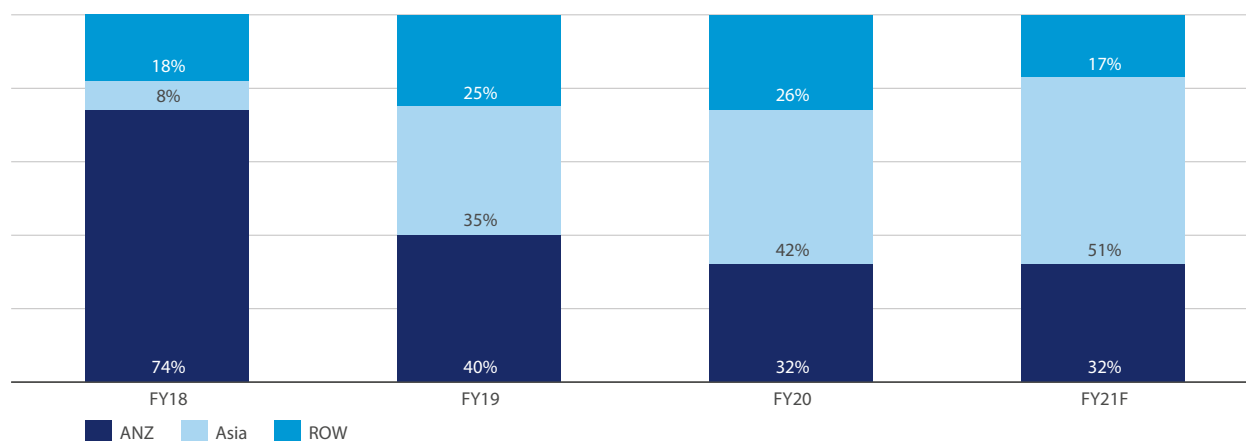
In Australia, over 16,000 irrigators currently use Rubicon's water ordering software. Rubicon's critical water delivery technology, being both software and installed products, delivers operational contact and reach to much of the Australian irrigation industry.

Rubicon delivers irrigation technology solutions in a vertically integrated manner, with in-house solution design, manufacture and specialised technical support.

3.3.2 Geographical diversification

Over the last five years, Rubicon has shifted its focus towards expanding its capabilities globally. In FY18, over 70% of Rubicon's revenue was generated in Australia and New Zealand (ANZ). For FY21F, approximately 70% of Rubicon's revenue is expected to be generated outside of ANZ.

Figure 7: Pro forma revenue by segment



3.3.3 Customer concentration and contracted position

Revenue concentration has varied year-to-year across customers. Contracts typically have ranged from 2 month to 3 year contracts that have been between \$40,000 and \$70 million. Rubicon has identified a pipeline of near-term global opportunities that will facilitate further international expansion and continue to diversify and grow the contract base.

Figure 8: Revenue split by customer

Revenue split, A\$m	FY18	FY19	FY20	FY21F
Customer 1 (India)	–	16 (21%)	19 (30%)	29 (37%)
Customer 2 (Aus)	15 (21%)	8 (10%)	10 (15%)	9 (11%)
Customer 3 (Aus)	21 (30%)	14 (19%)	3 (4%)	6 (7%)
Customer 4 (China)	–	6 (7%)	4 (6%)	5 (6%)
Customer 5 (India)	–	–	–	4 (5%)
Customer 6 (USA)	–	–	5 (7%)	–
Customer 7 (China)	–	3 (4%)	–	–
Customer 8 (Aus)	8 (11%)	–	–	–
Customer 9 (USA)	4 (5%)	–	–	–
Customer 10 (USA)	3 (4%)	–	–	–
Top 5 customers	51 (71%)	46 (61%)	40 (62%)	53 (66%)

(Top 5 Customers each year by value)

3.4 Research and development

Rubicon has invested heavily in R&D over the last 26 years to design and develop technology and intellectual property, providing differentiated offerings over its peers.

Rubicon designs, develops, manufactures and tests all its own products in-house and has ISO-9001:2015 accreditation, attesting to the standard of the processes of design and manufacturing. Rubicon's research and development facility includes a large, purpose-built, hydraulic flow testing laboratory in Shepparton, Victoria.

Rubicon also has a long-established, award-winning research partnership with the School of Engineering at the University of Melbourne. The first patent originating from the collaboration was filed in 2001, and the first pilot implementation occurred in 2002.

The relationship has subsequently broadened to solve many of the challenging issues associated with the automation of complex large-scale irrigation systems. In addition to the ongoing channel control research, specific projects have resulted in the development of solutions to improve flow measurement in channel regulating structures, precision water level measurement using ultrasonic technology and the development of precision flow measurement technology suited to harsh hydraulic conditions. More recently, Rubicon and the University have been collaborating in the field of irrigation scheduling.

3.5 Products and solutions

3.5.1 TCC Network Control¹²²

Rubicon's flagship solution, TCC Network Control, autonomously controls the supply of water to farms, resulting in significantly less water lost during transit and a much-improved supply service. The solution can improve distribution efficiency by 20 ppt¹²³ to 30 ppt, making more water available for productive or environmental use. Farms can be supplied within as little as two hours of ordering water, compared with several days for manually operated systems. On-demand supply enables crops to be irrigated at the required time, resulting in a more efficient and productive use of water on-farm.

TCC Network Control comprises Rubicon's hardware and software solutions, which measure and control the delivery of water based upon information received from remote monitoring systems and inputs from human operators via the SCADAConnect® platform. TCC Network Control facilitates the efficient and timely delivery of water that Rubicon's customers rely on. There are three core components to TCC Network Control:

122. Total Channel Control.

123. Percentage points.

3. Company overview continued





Table 2: TCC Network Control solutions











TCC Network Control Solutions	Description
SCADA	Remote monitoring and control of an irrigation network with human operators making decisions and carrying out adjustments. Incorporates control gates and valves, flow meters, software, and radio networks.
Autonomous channel control	Flows and water levels in channels are autonomously controlled using networked control gates and system control algorithms. Each control gate's embedded software determines the required gate movement and performs the actuation according to system control objectives. Incorporates gates, meters, software and radio networks.
Autonomous channel control with demand management	Water delivery requests are collected online. The system automatically confirms users' water rights, and schedules deliveries to maximise channel capacity. Channel gates autonomously operate to deliver concurrent orders. Farm outlets automatically open and close, record water use and report to the control centre. Human input is limited to network monitoring and managing exceptions. Incorporates gates, flow meters, software, and radio networks.

3.5.2 Hardware products

Rubicon's hardware products are used to measure and control water, monitor environmental conditions and enable remote monitoring and operation of field devices. They have been developed specifically for the conditions experienced in rural water environments. Rubicon's products are designed for remote operation via wireless data networks and powered using solar energy. At the core of each product is Rubicon's embedded software which enables them to perform control actions in response to local conditions, interact with other products, and with Rubicon's software suite.

Table 3: Rubicon hardware products

Hardware product	Description	Hardware product	Description
 FlumeGate®	Combined channel regulating gate and meter. Available in 49 standard sizes.	 Control Pedestal	Power and communications device that connects to Rubicon hardware for remote monitoring and control. Also interfaces with third-party devices.
 SlipMeter®	Combined gate and meter for use at channel offtakes, farm service points and as an in-channel regulator. It utilises Rubicon's Sonaray® ultrasonic flow measurement technology and is available in 35 standard sizes.	 Monitoring Pedestal	Power and communications device that enables remote monitoring of devices.

Hardware product	Description	Hardware product	Description
PikoMeter® 	Combined farm service point gate and meter. It utilises Rubicon's Sonaray ultrasonic flow measurement technology and is currently available with a 300mm and 450mm meter diameter.	IoT Smart Pedestal 	Control Pedestal with integrated on-farm IoT networking.
SlipGate® 	Automated undershot flow control gate available in 20 standard sizes.	PikoGate™ 	Automated undershot flow control gate currently available with a 300mm and 450mm gate diameter.
FlumeMeter™ 	Flow meter for use at channel offtakes and farm service points. It utilises Rubicon's Sonaray ultrasonic flow measurement technology and is available in 19 standard sizes.	FarmConnect® Gateway 	The FarmConnect Gateway is a central hub that wirelessly connects smart devices and sensors to the internet via cellular networks.
BladeMeter® 	Combined farm service point valve and meter used at pipe exits. It utilises Rubicon's Sonaray ultrasonic flow measurement technology. Available with a 600mm internal diameter.	SmartFront Sensor 	The SmartFront Sensor together with FarmConnect software identifies the arrival of an irrigation wetting-front, calculates infiltration and dynamically adjusts the cut-off time to avoid over or under-watering.
MicronLevel® Sensor 	Ultrasonic water level sensor with integrated ranging chamber.	Smart Meter 	The Smart Meter interfaces with irrigation water authority service points to feed real-time flow rate data into FarmConnect Software.

3. Company overview continued

Hardware product	Description	Hardware product	Description
MicronLevel® Air Sensor 	Open-air ultrasonic water level sensor for monitoring of channel, storage and drain levels.	FerIT™ Node 	Battery-powered on-farm IoT communications device that is suitable for monitoring and low power actuation applications.
Sonaray® Pipe Meter 	Pipe flow meter that utilises Rubicon's Sonaray ultrasonic flow measurement technology. Available in 450mm and 600mm internal diameters.	FerIT™ Solar Node 	Solar-powered on-farm IoT communications device to actuate gates and valves.
BayDrive™ 	The BayDrive is a remotely operated actuator for controlling flow in farm channels and onto bays.	Weather Station 	Accurate, reliable measurement of rainfall, temperature, humidity, wind speed/direction, solar radiation and atmospheric pressure providing precise information of irrigation scheduling calculations.
BladeValve™ 	On-farm pipe and riser valve for controlling flow in piped farm delivery systems.	SluiceMeter 	Meter and control gate with flow measurement downstream of the gate and unique moving roof design.

3.5.3 Software products

Rubicon's products have a significant software component, from its software solutions used in the operation of large-scale water reticulation networks, to the control of its hardware products deployed into the field to control and measure water flow. This integration of software and hardware provides Rubicon with a solid and growing model of recurrent revenue, tied to the installed base of Rubicon hardware and technology that supports the operation of critical water infrastructure.

Rubicon's irrigation management software is used by irrigation water authorities to manage the logistics of supplying water, business operations and customer relations. Irrigators also use Rubicon's software to order water, and as part of Rubicon's on-farm platform use it to manage the application of water to crops. The software is commonly used in conjunction with Rubicon's hardware, but it also interfaces with existing installed third-party equipment and can be used independently of hardware. Rubicon's software is highly scalable and offers a broad range of functionality and connectivity with off-farm and on-farm equipment, which can be tailored to the customer's needs depending on the level of automation they require. Rubicon's software is used by multiple irrigation water authorities in 13+ countries.

Figure 9: Rubicon's irrigation management software

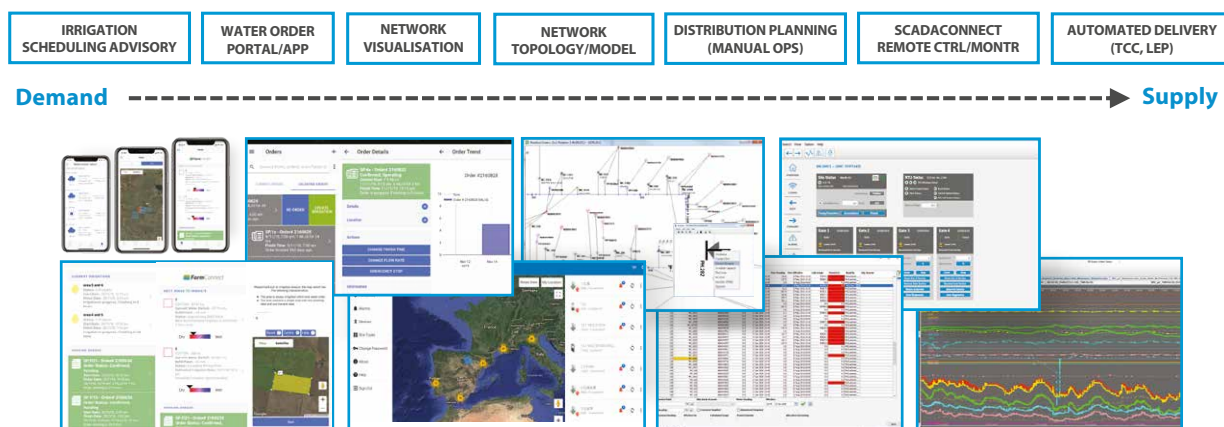


Table 4: Rubicon's irrigation software modules

Software module	Description
SCADAConnect®	Remote monitoring and control of field equipment.
Customer Connect	Customer communications.
Orders, Rotations & Scheduling	Collection and management of water delivery requests.
Rights & Compliance	Water rights management and interaction with external databases.
Network Visualisation	A visual, schematic and map based interactive representation of an entire irrigation network.
Automatic Delivery	Automatic scheduling of deliveries within network capacity and operation of farm service points.
NeuroFlo®	Autonomous channel and pipeline operation.
Tariffs, Rates & Invoicing	Automated field-data collection supporting customer billing.
Hydrological Data	Data collection from multiple systems and sources for use in medium and long-term planning and decision-making.

3. Company overview continued

3.5.4 Irrigation scheduling and application solutions (FarmConnect®)

3.5.4.1 Water Ordering App and Portal

Rubicon is progressively porting its software suite to a cloud platform and as part of this transition will release a new Water Ordering App and Portal that will streamline the interface with farmers who are supplied by irrigation authorities using Rubicon's technology.

Water ordering is a management and decision process regularly undertaken by an irrigation farmer and is a critical element of an efficient and productive irrigation enterprise. The new Water Ordering App and Portal will also include on-farm management tools such as irrigation scheduling and weather forecasting as a value-add offering to all irrigation authorities who deploy Rubicon's technology. Rubicon has an ongoing R&D program with the University of Melbourne in this field and continues to develop new products as part of this value-add offering.

Irrigation scheduling is the science of knowing the optimal time to irrigate a crop and how much to apply.¹²⁴ Through this offering, Rubicon is able to provide an irrigation scheduling service to all irrigation farmers supplied by the irrigation water authority.

Rubicon can leverage off the water ordering software and add its weather station to the off-farm infrastructure in order to provide an irrigation scheduling service to all farmers at a district-wide scale.

3.5.4.2 FarmConnect® overview

In recent years Rubicon has invested in the development of its next generation precision surface irrigation technology with the staged release of products during calendar years 2021/22.

The key elements of this new technology platform will be cloud-based software, IoT on-farm wireless communication and a SaaS¹²⁵ pricing model.

FarmConnect leverages Rubicon's capabilities in remote monitoring and control over wireless networks, and provides an open platform to interface with third-party vendors, such as sprinkler and drip/micro irrigation solution providers and the broader AgTech offerings. Rubicon is planning to enter into key platform partnerships with major vendors to develop integrated solutions and interfaces with FarmConnect and Rubicon's water ordering software and meter supply points provided as part of the off-farm solution.

The FarmConnect solution supports efficient surface irrigation (typically via bays or furrows) using automated control gates/valves and field sensors incorporating algorithms that determine the time to stop the flow onto the field to avoid under or over irrigation.

3.6 Manufacturing and distribution

3.6.1 Overview

Rubicon is a global business, with customers located across six continents. In addition to Rubicon's head office in Melbourne, Victoria, Rubicon has regional operations in Australia, New Zealand, the USA, Spain, Italy, Romania, Chile, China and India and distribution agents in Mexico, Argentina, Kazakhstan and Uzbekistan.

Rubicon's primary manufacturing facilities are located in Shepparton, Victoria, with additional assembly facilities established in China, India and the USA.

124. Irrigation scheduling is the decision of when and how much water to apply to a field (<https://extension.colostate.edu/topic-areas/agriculture/irrigation-scheduling-4-708/>).

125. Software as a Service.

Figure 10: Rubicon's global offices and manufacturing facilities



Rubicon produces sensors and electronics containing firmware algorithms in its Australian manufacturing facility and supplies its overseas manufacturing operations (including JV partners). Other components have been progressively sourced from a supply base located nearby to the global JV operations. All locations assemble products using work instructions from Rubicon's head office, which also maintains control of the engineering drawings and supplier approval process. Each location utilises automated test equipment developed internally at Rubicon which connects back to a Rubicon central database for traceability.

3.6.2 Rubicon's Australian manufacturing facility

Rubicon's main manufacturing facility is located in Shepparton, Victoria. Spread over three hectares with 10,300m² under roof, the facility has the capacity to produce more than 5,000 integrated control gate and meter devices per year.

Figure 11: Rubicon's facilities in Shepparton, Victoria, Australia



3. Company overview continued

Gate and meter components are produced in a modern machine shop which includes CNC machines, lathes, drills, milling machines, routers, pressing and precision welding.

Gate panel assemblies are manufactured from FormiPanel™, Rubicon's laminate construction method. Using techniques adopted from the aerospace and marine industries, high-strength industrial adhesives bond structural-grade aluminium extrusions and skin plates to a synthetic core material. Each panel is manufactured and assembled in a lean process-driven manufacturing hub.

Embedded electronics are manufactured in Rubicon's Cleanroom, offering a climate-controlled environment complimented by a range of custom-built automated test processes, custom circuit board assembly and dedicated sensor assembly facilities for water flow and depth measurement sensors.

Flow meters and water depth sensors are calibrated on-site prior to shipment to account for manufacturing tolerances.

Before leaving the facility, all products are assessed for quality assurance as part of the manufacturing process to ensure the delivery of high-quality products and systems to the end customer.

3.6.3 Rubicon's assembly facilities in China

Rubicon's first international assembly joint venture was created in Gansu, China, commencing operation in 2018. Rubicon is a 50% owner of this joint venture¹²⁶ which operates to assemble Rubicon's FlumeGate product for nearby customers. The facility is 1,100m² under roof, hiring local factory staff. The assembly processes follow instructions set out by Rubicon's head office with FlumeGate materials largely supplied by Rubicon from Australia.

Rubicon's other Chinese joint venture was created in Ningxia, which is 50% owned by Rubicon¹²⁷, and commenced operations in 2019. The Ningxia JV conducts final assembly of Rubicon's SlipMeter product and the detailed assembly of Rubicon's PikoMeter, which Rubicon designed specifically for international assembly. Other ancillary items are also assembled at this location. This operation is 4,700m² under roof, hiring local factory staff.

Rubicon has developed a supply chain directly in China via its supply and manufacturing office located in Shanghai. The majority of components for PikoMeter production in Ningxia are sourced through a carefully selected range of suppliers in China, with some components also exported from these suppliers back to the Australian operations. This supply base is also regularly utilised for component supply of Rubicon's newer components being designed and released to the market.

Figure 12: Rubicon's facilities in Gansu and Ningxia provinces, China



126. Together with Beijing Green Valley Water Technical Co., Ltd.

127. The joint venture partner is Gansu Water Saving Development Co Ltd.

3.6.4 Rubicon's assembly facilities in India

In May 2020 Rubicon commenced another 50% owned joint venture operation located in Hyderabad, India, in support of the KBJNL Project Contract¹²⁸. This purpose-built facility has capability to assemble PikoMeters and ancillary components, with provisions made for expansion into the assembly of other Rubicon Products. The Indian joint venture includes its own supply chain department and management structure, who have identified the supply base and sourced components locally to build Rubicon products in conjunction with Rubicon head office. This facility employs 38 people and operates on 4,000m² of floor space.

Figure 13: Rubicon's facilities in Hyderabad, India



3.7 Differentiated offering

In 26 years, Rubicon has built a global differentiated offering across key areas, presenting significant barriers to entry for competitors:

3.7.1 Extensive industry knowledge

Rubicon has built extensive industry and technical knowledge while developing solutions and executing projects for the varied operating conditions across the world, encompassing:

- open channel and closed conduit hydraulics, including modelling, flow measurement and flow control;
- automated control over wide-area wireless networks;
- agile and specialist product manufacturing capability;
- on-farm irrigation technology, including irrigation scheduling and precision surface irrigation;
- specialist R&D capacity, with an ongoing relationship with the University of Melbourne in control engineering and irrigation scheduling; and
- comprehensive intellectual property portfolio.

3.7.2 Comprehensive software portfolio

Rubicon's software for the automated control and management of large irrigation networks is the result of a 26-year development program that has led to product differentiation across multiple areas:

- control algorithms and software methods;
- distributed control over wireless networks;
- distributed cloud and edge processing platforms; and
- embedded software.

128. The joint venture partner is Medha Rubicon Water Technology Private Limited.

3. Company overview continued

3.7.3 Control gate/valve and flow measurement technology

Rubicon has developed a wide range of specialist products which are integrated, well suited to irrigation environments and are automated. Rubicon's control gate/valve and measurement technology includes:

- specialist products that integrate control, flow measurement and water level measurement technology, telecommunications and solar power supply in one device;
- solutions designed specifically for low-pressure head/gravity applications;
- gate designs that are suited to a range of hydraulic control applications;
- devices that are designed for volume manufacture; and
- specialist componentry.

3.7.4 Strong corporate and product brands

Rubicon products are reliable and innovative solutions developed for the irrigation industry:

- backed by a large installed base with systems that have been successfully operating over 20 years;
- a supplier of large-scale infrastructure solutions with audited water savings;
- operations in six continents;
- recognised with a range of awards for product innovation, export growth, and environmental services;
- academic relationships in Australia, China, USA and Europe; and
- proprietary product and technology brands including TCC™, FlumeGate, SlipMeter, Sonaray and FarmConnect.

3.7.5 Intellectual property (IP) portfolio

Through its commitment to R&D and actions taken to protect its intellectual property, Rubicon has built a substantial intellectual property portfolio, including patents, trade secrets, copyright, trademarks and confidentiality agreements. Technical breakthroughs in the fields of flow measurement and control have enabled Rubicon to develop a suite of 218 patent cases across 21 countries (as at June 2021) including those covering:

- control gates used as inline channel regulators, at channel offtakes, or as on-farm supply points;
- flow meters for custody transfer to on-farm or district supply points;
- modelling of distribution network dynamics;
- optimised distribution of water through supply networks (e.g. dynamic scheduling, model predictive control);
- detecting leaks and seepage in networks to allow targeted remediation works;
- a method of determining surface level for the precision application of water to match volume applied to crop water requirements; and
- actuation and valve mechanisms for piped supply delivery points, on-farm valve and bay gate control.

3.8 Addressing causes of low water use efficiency

The focus of Rubicon's business is to provide farmers with the ability to apply the right quantity of water to crops when and where it is needed. Rubicon achieves this by improving the management of supply systems, which are often ageing, manually operated and characterised by lack of measurement and in turn limited and infrequent control capacity. Causes of low water use efficiency often result from a lack of operational information and control, leading to an inability to match supplied flows with demand. A focus on quality of service to irrigators frequently results in significantly more water diversion into the network than is required by the crops. Rubicon focuses on resolving deficiencies within supply systems, farm supply points and on-farm application systems to improve water use efficiency.

3.8.1 Surface water supply systems

Table 5: Rubicon's water supply solutions

Issue	Description	Rubicon's solution
Water losses	Poor measurement and control throughout channel systems result in mismatches between supply and demand, with large volumes of water spilt, and lost to the productive use it has been released for.	TCC Network Control automates the channel network matching the available supply to the required demand and effectively eliminates operational spills. Real-time knowledge of flows throughout the network allows for losses to be identified and targeted for remediation.
Inflexible water supply	Water is either supplied according to rigid, pre-determined rosters, or water is supplied to order but requires several days' lead time. Neither regime provides the flexibility required for precise on-farm irrigation scheduling, instead often being structured to suit manual operation.	TCC Network Control automates the channel network and provides water to the farm gate in as little as 2 hours from time of order enabling precision scheduling and on-farm automation.
Unreliable water supply	Poor measurement and control in channel supply systems results in inconsistent flow rates and over or under delivery of water through farm supply points.	TCC Network Control provides stable water levels so that non-automated supply points have steady flows, leveraging Rubicon's awareness of real-time supply volumes. Rubicon's automated supply points automatically adjust for differing conditions in the supply network and on farm to maintain steady flows and deliver precise volumes.
Inequitable water supply	The quality of the supply service can vary markedly between the head and the tail of manually operated supply systems, leading to large areas of agricultural land underperforming and resultant service inequality.	TCC Network Control automates the channel networks and ensures equitable service across the supply systems.

3.8.2 Farm supply points

Table 6: Rubicon's farm supply point solutions

Issue	Description	Rubicon's solution
Inaccurate measurement	Poor measurement accuracy at supply points leads to operational issues, both on and off farm, and inequality of supply to irrigators.	Rubicon's farm outlets accurately measure flow and delivered volumes, and make this information available in real time to the agricultural water supply authority and farms. Rubicon's APIs ¹²⁹ can make this information available to automated on-farm systems.
Inconsistent flow rates	Farm supply points are often subject to varying water levels, both upstream and downstream of the supply point. This causes variable flow rates through supply points, preventing precise application to crops.	Rubicon's automated supply points will automatically adjust for differing conditions in the supply network and on-farm to maintain steady flows, and can also adjust to varying flow rate demands.

129. Application Programming Interface – a set of functions and procedures allowing the creation of applications that access the features or data of an operating system, application, or other service.

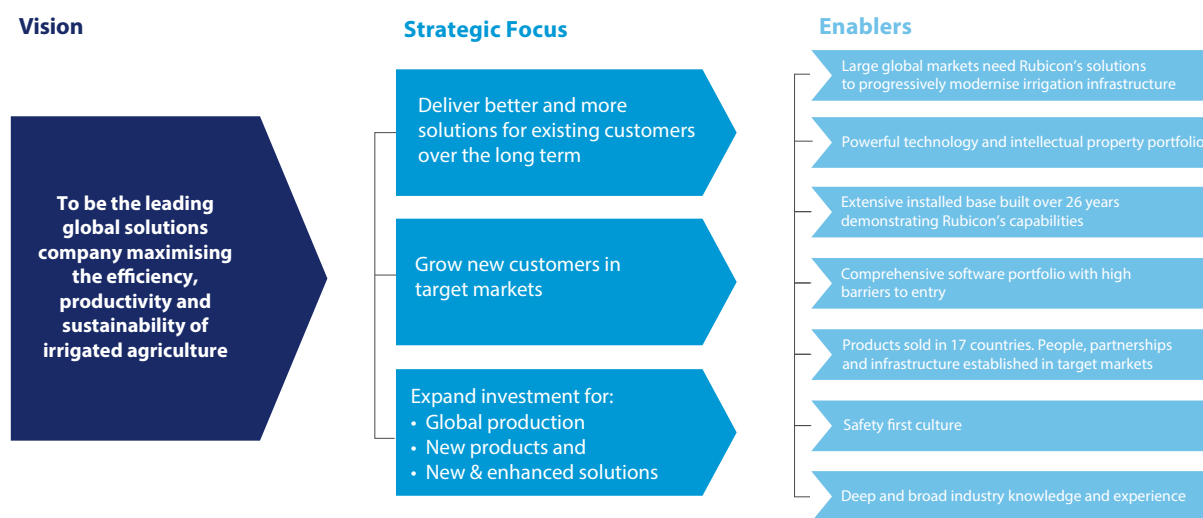
3. Company overview continued

3.9 Growth strategy

3.9.1 Strategic focus

Rubicon has a vision to improve the water use efficiency, productivity and sustainability of irrigated agriculture. A summary of Rubicon's strategic focus is shown in the chart below.

Figure 14: Rubicon's strategic focus



3.9.2 Organic growth

Rubicon has a large and established customer base across our more mature markets. These customers range from being in the early stages of adopting all or part of Rubicon's solutions, to investing heavily in the capital roll out or being in the full operation and maintenance mode. Rubicon has long-term customers approaching the point where their product renewal investments will become significant.

To maximise returns from this broad spectrum of existing customers, Rubicon is focused on:

- Turning product-based customers into solution sales;
- Customising product and solution offerings to create maximum return on investment for customers' spend;
- Maximising the performance outcomes for existing customers to create great reference sites;
- Expanding operations and maintenance offerings, with customised solutions to specific customer needs; and
- Providing innovative solutions for product and system renewals.

Rubicon's management has identified a substantial and growing pipeline of domestic and international project opportunities, underpinning long-term growth prospects. Rubicon is currently actively working on relevant global contracts, tenders and opportunities across multiple jurisdictions that are (in size of potential revenue) both consistent with current projects and in some cases larger than current projects in certain jurisdictions.

3.9.3 Investment

A key current issue for Rubicon is the cost and excessive lead times created by the current production model of predominantly building products in Shepparton, Australia and shipping to customers around the world. Rubicon has begun the process of globalising its supply chain and building assembly facilities close to key markets (see section 3.6) but continued investment needs to be made in this area over the coming years.

An accelerated investment in the development of new software solutions and hardware products is required to maximise growth over coming years. Additionally, re-engineering of some products is required to facilitate a global supply chain and regional assembly facility plans.

Growing the business in all of the targeted international markets requires a significant investment in additional, better skilled and trained people in the regional offices and those of selected partners.

3.9.4 Capital management

As a private company, Rubicon has predominantly self-funded its growth over 26 years, however funds raised from the Offer will be applied by Rubicon to pursue the growth stated in this Prospectus. In determining whether to pay dividends in the short-term periods following the Offer, Rubicon will have regard to, and prioritise, the achievement of these growth opportunities.

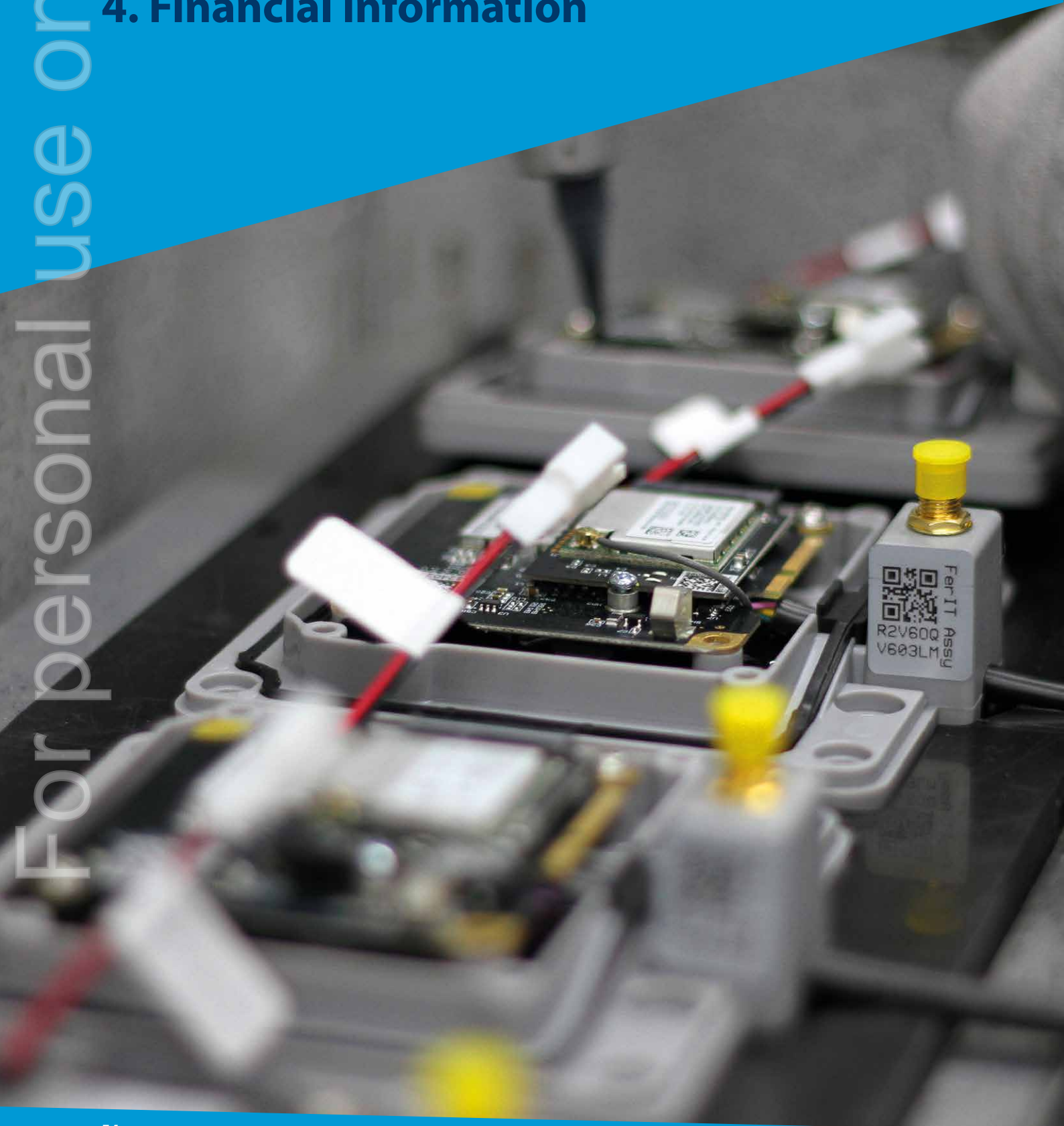
Rubicon's target debt leverage is 2 – 2.5 times EBITDA (well within its banking covenants) and it ensures all investments are made at a premium to the weighted average cost of capital.



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4. Financial information

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4. Financial information

4.1 Introduction

The financial information contained in this Section 4 includes:

- statutory historical financial information for the Group comprising:
 - statutory historical consolidated statement of profit or loss for the financial years ended 30 June 2018 (**FY18**), 30 June 2019 (**FY19**) and 30 June 2020 (**FY20**) and half years ended 31 December 2019 (**H1-FY20**) and 31 December 2020 (**H1-FY21**) (**Statutory Historical Income Statements**);
 - statutory historical consolidated cash flows for FY18, FY19, FY20, H1-FY20 and H1-FY21 (**Statutory Historical Cash Flows**); and
 - statutory historical consolidated balance sheet as at 31 December 2020 (**Statutory Historical Statement of Financial Position**),(together, the **Statutory Historical Financial Information**).
- pro forma historical financial information for the Group comprising:
 - pro forma historical consolidated statements of profit or loss for FY18, FY19, FY20, H1-FY20 and H1-FY21 (**Pro Forma Historical Income Statements**);
 - pro forma historical consolidated cash flows for FY18, FY19, FY20, H1-FY20 and H1-FY21 (**Pro Forma Historical Cash Flows**); and
 - pro forma historical consolidated balance sheet as at 31 December 2020 (**Pro Forma Historical Statement of Financial Position**),(together, the **Pro Forma Historical Financial Information**).

The Statutory Historical Financial Information and Pro Forma Historical Financial Information together form the **Historical Financial Information**.

- statutory forecast financial information for the Group comprising:
 - statutory forecast consolidated statement of profit or loss for the financial year ending 30 June 2021 (**FY21F**) (**Statutory Forecast Income Statement**); and
 - statutory forecast consolidated cash flows for FY21F (**Statutory Forecast Cash Flows**),(together, the **Statutory Forecast Financial Information**).
- pro forma forecast financial information for the Group, comprising:
 - pro forma forecast consolidated income statement for FY21F (**Pro Forma Forecast Income Statement**); and
 - pro forma forecast consolidated cash flow information for FY21F (**Pro Forma Forecast Cash Flow**),(together, the **Pro Forma Forecast Financial Information**).

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information together form the **Forecast Financial Information**.

The Historical Financial Information and the Forecast Financial Information together form the **Financial Information**.

Rubicon reports on a 30 June financial year basis and the Financial Information in this Section has been presented consistent with this.

Also summarised in this Section 4 are:

- the basis of preparation of the Financial Information, including the application of relevant new and revised accounting standards as if they had applied to the Historical Financial Information and the Forecast Financial Information (see Section 4.2);
- an explanation of certain financial measures that are neither recognised by the Australian Accounting Standards Board (**AASB**) or under the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**) that are used by Rubicon and included in the Prospectus to assist investors in understanding the financial performance of the business (**non-IFRS financial measures**) (see Section 4.2.4);
- Pro forma adjustments and reconciliations of the Statutory Historical Financial Information to the Pro Forma Historical Financial Information and the Statutory Forecast Financial Information to the Pro Forma Forecast Financial Information (see Section 4.3.3 and Section 4.5.2);
- details of the Group's indebtedness (see Section 4.7.1);
- details of the Group's liquidity and capital resources (see Section 4.7.2);
- details of the Group's banking facilities (see Section 4.7.3);

4. Financial information continued

- details of the Group's contractual obligations, commitments and contingent liabilities (see Section 4.7.4);
- the best estimate general assumptions and specific assumptions underlying the Forecast Financial Information (see Section 4.8).
- Management's discussion and analysis of the Pro Forma Historical and Forecast Financial Information (see Section 4.9);
- an analysis of the sensitivity of the Forecast Financial Information to changes in certain key assumptions (see Section 4.10); and
- the Group's proposed dividend policy (see Section 4.11).

The Financial Information presented in this Prospectus has been reviewed by Deloitte Corporate Finance Pty Limited (**Investigating Accountant**) in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Investigating Accountant's Report on the Financial Information. Investors should note the scope and limitations of the Investigating Accountant's Report on the Financial Information (see Section 8).

The information in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus. In addition, Rubicon's significant accounting policies are set out in Appendix A.

Investors should note that past results are not a guarantee of future performance.

All amounts disclosed in the tables in this Section 4 are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$0.1 million. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sum of components in figures contained in this Prospectus are due to rounding.

4.2 Basis of preparation and the presentation of Financial Information

4.2.1 Overview

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding Rubicon's underlying historical financial performance, cash flows and financial position, together with the forecast financial performance and cash flows for FY21F.

The Statutory Historical Financial Information and Statutory Forecast Financial Information have been prepared in accordance with the recognition and measurement principles of the Australian Auditing Standards (**AAS**) issued by the AASB, which are consistent with IFRS and interpretations issued by the IASB.

The significant accounting policies adopted in the preparation of the Financial Information are set out in Appendix A and have been consistently applied throughout the financial periods presented in this Prospectus unless stated otherwise.

The Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information have been prepared solely for inclusion in this Prospectus and have been derived from the Statutory Historical Financial Information and the Statutory Forecast Financial Information adjusted for certain transactions and pro forma adjustments as described further below.

Rubicon considers its operations as containing four operating segments, being Asia, Australia and New Zealand (**ANZ**), and Rest of World (**ROW**) and Corporate as defined by AASB 8 *Operating Segments*. The Chief Executive Officer (CEO) has been determined as the chief operating decision maker of the business. The CEO regularly reviews the financial information for the operating segments and uses the information to assess the performance of these operating segments and allocate resources where appropriate.

In addition to the Financial Information, Section 4 includes non-IFRS financial measures and other measures that Rubicon uses to manage and report on its business that are not defined under or recognised by AAS or IFRS, set out in Section 4.2.5.

Due to their nature, the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information do not represent the actual or prospective financial position, financial performance or cash flows of Rubicon. Rubicon believes that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis with the Forecast Financial Information. This Prospectus includes Forecast Financial Information based on the specific and general assumptions of Rubicon.

The Financial Information is presented in an abbreviated form insofar as it does not contain all of the presentation and disclosures, statements or comparative information as required by AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act.

References to the Company in this section mean prior to the allotment of fully paid ordinary shares under the Offer, Rubicon Systems (Holdings) Pty Ltd (ACN 106 485 474) and its controlled entities, and after allotment of shares under the Offer, Rubicon Water Limited and its controlled entities, or where the context requires, the business described in the Prospectus.

The information in this Section should also be read in conjunction with the management discussion and analysis in Section 4.9 and the general and specific assumptions and commentary underlying the Forecast Financial Information in Section 4.8.

4.2.2 Preparation of the Historical Financial Information

The Statutory Historical Financial Information for the full years FY18, FY19 and FY20 has been derived from the consolidated general purpose statutory financial reports for FY19 (which included comparative financial information for FY18) and FY20 of Rubicon Systems (Holdings) Pty Ltd and its controlled entities. The consolidated general purpose statutory financial reports for FY19 and FY20 (which adopted the modified retrospective adjustments for AASB 16 *Leases*) were audited by Deloitte Touche Tohmatsu (**Deloitte**) in accordance with the AAS. Deloitte issued unmodified audit opinions for both financial reports.

The Statutory Historical Financial Information for H1-FY20 and H1-FY21 has been derived from the condensed half-year consolidated general purpose financial statements for H1-FY21 of Rubicon Systems (Holdings) Pty Ltd and its controlled entities (which included comparative financial information for H1-FY20). The consolidated half-year financial report for H1-FY21 and H1-FY20 was reviewed by Deloitte in accordance with the AAS. Deloitte issued an unmodified review conclusion on the financial report.

On the day before Settlement (as that term is defined in the Important Dates section) the Company will become the ultimate parent entity of the Group by way of a Deed of Implementation between the Company and Rubicon Systems (Holdings) Pty Ltd (the Proposed Reorganisation). The substance of the Proposed Reorganisation has been evaluated and deemed not to be a Business Combination required to be accounted for under AASB 3 Business Combinations. Instead, the Company will recognise in its consolidated financial statements the assets and liabilities of Rubicon Systems (Holdings) Pty Ltd and its controlled entities at their existing book values.

The Financial Information presented in Section 4 of the Prospectus would not differ had the Proposed Reorganisation completed on or prior to 30 December 2020.

The Pro Forma Historical Income Statements and the Pro Forma Historical Cash Flows have been prepared for the purpose of inclusion in this Prospectus and have been derived from the Statutory Historical Financial Information and adjusted for the effects of the pro forma adjustments described in Section 4.3.3 and Section 4.5.2 of this Prospectus. In particular, pro forma adjustments have been made to reflect the following as if each had occurred on 1 July 2017 (amongst others):

- the impact of the Offer, including costs directly attributable to the Offer offset against share capital;
- the impact of additional public company costs: an amount that represents Rubicon's estimate of the incremental annual board, listing and other costs (such as Director's fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs) and professional fees that it will incur operating as a listed company;
- the impact of remuneration changes reflecting the salary packages and incentives agreed with key management personnel;
- the removal of external advisor costs incurred over the historical period in respect of the Offer;
- the application of AASB 16 *Leases* (**AASB 16**) as if this standard had been adopted from 1 July 2017; and
- the tax impacts of the above adjustments.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the future financial position of Rubicon.

4.2.3 Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus based on an assessment of current economic and operating conditions, including the impact of the COVID-19 pandemic, and should be read in conjunction with the best estimate general and specific assumptions set out in Section 4.8, the sensitivity analysis described in Section 4.10, the risk factors described in Section 5, the Significant Accounting Policies set out in Appendix A, and the other information in this Prospectus.

The inclusion of these assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that these differences may have a material effect on Rubicon's actual financial performance or financial position.

In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of Rubicon, the Directors and management, and are not predictable. Accordingly, none of Rubicon, the Directors, management, or any other person can give investors any assurance that the events and outcomes discussed in the Forecast Financial Information will arise. Events and outcomes may differ in amount and timing from the assumptions and may have a material impact on the actual results for FY21F.

4. Financial information continued

The Directors have prepared the Forecast Financial Information with due care and attention and consider all general and specific assumptions, when taken as a whole, to be reasonable at the time of preparation of this Prospectus. However, this information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information.

It is not intended that the Forecast Financial Information or other forward-looking statements be updated or revised, nor is it intended that prospective Financial Information will be published in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or regulation.

The Forecast Financial Information has been prepared and presented on both a Statutory and Pro Forma basis. The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information include the reviewed results of Rubicon for H1-FY21, the unaudited results for the four months ended 30 April 2021 and the forecast results for the remainder of FY21F.

In preparing the Pro Forma Forecast Financial Information, pro forma adjustments have been made to the Statutory Forecast Financial Information to reflect the following (amongst others):

- the impact of the Offer, including costs directly attributable to the Offer offset against share capital;
- the impact of additional public company costs: an amount that represents Rubicon's estimate of the incremental annual board, listing and other costs (such as Directors' fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs) and professional fees that it will incur operating as a listed company;
- the impact of remuneration changes reflecting the salary packages and incentives agreed with key management personnel;
- the removal of external advisor costs incurred over the historical period in respect of the Offer; and
- the tax impacts of the above adjustments.

Section 4.3.3 sets out the pro forma adjustments made to the Statutory Forecast Income Statements and a reconciliation to the Statutory Forecast Income Statements to the Pro Forma Forecast Income Statements.

4.2.4 Changes in Accounting Standards

4.2.4.1 AASB 16 Leases

Rubicon adopted AASB 16 on 1 July 2019 using a modified retrospective approach and as such the comparatives were not restated in the FY20 financial report. The accounting treatment for a lessee under AASB 117 *Leases* (AASB 117) was based on categorising the lease either as a finance lease (recognised on balance sheet) or an operating lease (not recognised on balance sheet). Under AASB 16 Rubicon is required to recognise a lease liability and a right of use asset on the balance sheet for most leases. As a result of the adoption of AASB 16, operating expenses decrease and depreciation and interest expenses increase, and the timing of the expense recognition changes due to the change from a straight-line rental expense to depreciation and interest expense (with interest expense having an accelerated profile). This Prospectus presents the Pro Forma Historical Financial Information on a consistent basis to illustrate the impact of AASB 16, had the standard been applied from 1 July 2017. Refer to Section 4.3.3 for further detail on the quantification of this impact.

4.2.5 Explanation of certain Non-IFRS Financial Measures

Rubicon uses certain measures to manage and report on the business that are not recognised under AAS or IFRS. These measures are collectively referred in this Section 4 and under ASIC Regulatory Guide 230 *Disclosing Non-IFRS Financial Information* as 'non-IFRS financial measures'.

These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS.

Although Rubicon believes these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, they should be considered as supplements to the consolidated statement of profit or loss and consolidated cash flow measures that have been presented in accordance with the AAS and IFRS, nor as a replacement for them. These non-IFRS financial measures are not based on AAS, they do not have standard definitions and the way that Rubicon calculates these measures may differ from similarly titled measures by other companies. Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

In the disclosures in this Prospectus, Rubicon uses the following non-IFRS financial measures:

- **Gross profit:** is calculated as revenue less cost of goods sold;
- **EBITDA:** is earnings before interest, tax, depreciation and amortisation;
- **EBIT:** is earnings before interest and tax;
- **Profit before tax (PBT):** is profit before the impact of tax;
- **Net profit after tax (NPAT):** is net profit after the impact of tax;
- **Operating free cash flows before capital expenditure:** means EBITDA adjusted for changes in working capital and non-cash items;
- **Cash flows before financing activities:** means operating free cash flow before capital expenditure adjusted to reflect capital expenditure, cash lease payments, investments in associates and contributions by non-controlling interests (**NCIs**) into subsidiaries;
- **Net cash flows before Offer impacts:** means cash flow before financing activities adjusted for the impact of the Offer;
- **Net cash flows:** means net cash flow before Offer impacts adjusted for the impact of the Offer;
- **Working capital:** comprises the sum of current accounts receivable, inventories and prepayments less the sum of current accounts payable, the current portion of employee benefits and lease liabilities and other current tax liabilities and accruals; and
- **Capital expenditure:** includes investment in property, plant & equipment and software development.

4.2.6 Foreign currency

Other than its functional currency being the Australian Dollar (AUD), Rubicon transacts using a number of foreign currencies, the most predominant of which are the Indian Rupee (INR) and Chinese Yuan (CNY). Rubicon's cost of sales and operating expenses are also predominantly in AUD, INR and CNY.

Rubicon's earnings are exposed to the net impact of movements in foreign exchange rates on Rubicon's sales and costs in the foreign currencies in which the product and services are provided. Rubicon's results are also impacted by the net movements in exchange rates when translating the foreign results of its foreign operations into AUD for consolidation purposes. Accordingly, Rubicon's earnings are subject to both the translational and transactional impacts of foreign currency movements and corresponding realised and unrealised gains and losses from foreign currency movements. The potential impacts on Rubicon's EBITDA of movements in the INR and CNY are considered in Section 4.10.

The Company has recently employed a number of hedging strategies and policies to mitigate the risk of foreign exchange fluctuations.

4. Financial information continued

4.3 Historical and Forecast Income Statements

4.3.1 Pro Forma Income Statements and Statutory Forecast Income Statements

Figure 15 below sets out the Pro Forma Historical Income Statements for FY18, FY19, and FY20, the Pro Forma Forecast Income Statement for FY21F and the Statutory Forecast Income Statement for FY21F.

Figure 15: Pro Forma Income Statements and Statutory Income Statement

\$m	Notes	Pro Forma				Statutory
		FY18	FY19	FY20	FY21F	FY21F
Revenue	1	71.3	75.5	64.8	80.4	80.4
Cost of sales	2	(39.1)	(41.3)	(35.3)	(46.0)	(46.0)
Gross profit		32.3	34.3	29.5	34.4	34.4
Other income	3	0.0	1.0	1.6	1.6	1.6
Other gains/(losses)	4	0.1	(0.1)	(0.0)	0.0	0.0
Employee benefits expense		(12.3)	(13.9)	(16.0)	(17.4)	(17.7)
Professional fees		(2.8)	(2.4)	(2.6)	(2.4)	(2.9)
Travel costs		(1.1)	(1.3)	(0.9)	(0.4)	(0.4)
Occupancy expenses	5	(0.2)	(0.2)	(0.1)	(0.3)	(0.3)
Administrative expenses		(4.1)	(4.1)	(4.2)	(4.6)	(4.2)
Share of gain/(loss) of an Associate/Joint Venture	6	–	–	(0.2)	2.9	2.9
Unrealised gains/(losses) on FX	7	1.0	(0.1)	(0.6)	(0.0)	(0.0)
EBITDA		12.8	13.1	6.5	13.8	13.5
Depreciation		(2.6)	(2.7)	(3.0)	(2.5)	(2.5)
EBIT		10.2	10.4	3.5	11.3	11.0
Interest income		0.1	0.1	0.1	0.0	0.0
Finance costs		(0.3)	(0.4)	(1.1)	(1.0)	(1.0)
Profit before income tax		10.1	10.0	2.4	10.3	10.0
Income tax expense	8	(1.7)	(1.9)	(1.4)	(2.8)	(2.7)
Net profit after tax		8.3	8.2	1.0	7.5	7.3

Notes:

- Revenue is derived from the delivery of the Company's contracts for the manufacture, delivery and installation of irrigation automation software and hardware.
- Cost of sales represents the costs associated with purchased hardware components and other raw material components from third parties, project delivery and installation costs, contractor expenses, as well as direct production labour and freight up to the point of operational readiness for the generation of revenue.
- Other income includes the non-recurring subsidies and financial support received by the Company from JobKeeper, wage subsidies and other Government grants received in Australia and New Zealand (totalling \$1.6m in both FY20 and H1-FY21), in addition to a reversal in FY19 of an impairment processed before the commencement of the historical period (\$0.9m).
- Other gains and losses mainly reflect amounts in respect of the disposal of property, plant and equipment.
- Occupancy expenses includes certain lease related costs and outgoings not subject to AASB 16. Rental charges are now captured as part of depreciation expense and interest following the introduction of AASB 16 accounting standards. Outgoings relate to expenses such as utilities and low value leases, which are driven by property-related activities.
- Share of gain/(loss) of an Associate/Joint Venture reflects the equity accounted share of profits in relation to the 50% interest in Medha Rubicon Water Technologies Pvt Ltd. This joint venture was established in May 2020. The Company's interest in the joint venture is accounted for using the equity method.
- Unrealised gains/(losses) on FX relates to the translation of foreign currency denominated monetary balances – principally intercompany loans and payables – to functional currencies at each period-end at spot rates. For FY21F, this translation was performed based on the estimated loan and payable balances as at 30 June 2021. The INR and CNY exchange rates applied are AUD1/INR55.86 and AUD1/CNY4.85.
- Income tax expense has been derived from the consolidated profit before tax, adjusted for permanent differences. All pro forma adjustments are tax effected by a corporate tax rate of 30%.

4.3.2 Half-Year Income Statements

Figure 16 sets out the Pro Forma Historical Income Statements for the half years H1-FY20 and H1-FY21.

Figure 16: Historical Pro Forma Half-Year Income Statements

\$m	Notes	Pro Forma	
		H1-FY20	H1-FY21
Revenue	1	29.2	40.2
Cost of sales	2	(16.2)	(21.4)
Gross profit		13.0	18.8
Other income	3	(0.0)	1.6
Other gains/(losses)	4	(0.0)	0.0
Employee benefits expense		(7.9)	(8.6)
Professional fees		(1.2)	(1.1)
Travel costs		(0.6)	(0.2)
Occupancy expenses	5	0.1	(0.2)
Administrative expenses		(2.4)	(2.1)
Share of gain/(loss) of an Associate/Joint Venture	6	–	1.3
Unrealised gains/(losses) on FX	7	(0.6)	(0.8)
EBITDA		0.2	8.8
Depreciation		(1.4)	(1.2)
EBIT		(1.2)	7.6
Interest income		0.0	0.0
Finance costs		(0.5)	(0.5)
Profit before income tax		(1.7)	7.1
Income tax expense	8	(0.9)	(1.8)
Net profit after tax		(2.6)	5.2

Refer to Figure 15 Notes.

4. Financial information continued

4.3.3 Pro forma adjustments to the Statutory Historical Income Statements and Statutory Forecast Income Statements

Figure 17 sets out the pro forma adjustments that have been made to EBITDA in the historical period and forecast period.

Figure 17: Pro forma adjustments to Statutory Historical and Forecast EBITDA

\$m	Notes	FY18	FY19	FY20	FY21F	H1-FY20	H1-FY21
Statutory EBITDA		12.2	12.1	6.5	13.5	0.2	8.7
Public company costs	1	(0.4)	(0.4)	(0.4)	(0.4)	(0.2)	(0.2)
AASB 16 adoption	2	0.7	0.9	–	–	–	–
External IPO adviser retainer	3	0.3	0.5	0.3	0.5	0.1	0.3
Offer costs	4	–	–	–	0.2	–	–
Pro forma EBITDA		12.8	13.1	6.5	13.8	0.2	8.8

Notes:

- Public company costs:** reflects the increase in corporate costs expected to arise as a consequence of the Company becoming publicly listed. The costs principally relate to Board and governance (Non-Executive Directors, incremental professional fees), additional legal and company secretarial costs, as well as an increase in investor relations costs.
- AASB 16 adoption:** the Company adopted AASB 16 *Leases* from FY20 onwards and a pro forma adjustment has been applied in FY18 and FY19 that results in removing relevant lease expenses, partially offset by recording an interest expense and depreciation charge in relation to the right of use asset recognised in the statement of financial position.
- External IPO adviser retainer:** reflects fees paid on retainer to an external adviser engaged to prepare the Company for IPO.
- Offer costs:** reflects the amounts forecast to be expensed in FY21F in relation to the Offer (principally fees payable to external consultants and advisers).

Figure 18 sets out the pro forma adjustments that have been made to NPAT in the historical period and forecast period.

Figure 18: Pro forma adjustments to Statutory Historical and Forecast NPAT

\$m	Notes	FY18	FY19	FY20	FY21F	H1-FY20	H1-FY21
Statutory NPAT		8.4	8.2	1.0	7.3	(2.6)	5.2
Public company costs	1	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)
AASB 16 adoption	2	(0.0)	(0.0)	–	–	–	–
External IPO adviser retainer	3	0.2	0.3	0.2	0.3	0.1	0.2
Offer costs	4	–	–	–	0.1	–	–
Pro forma NPAT		8.3	8.2	1.0	7.5	(2.6)	5.2

Refer to Figure 17 Notes. All pro forma adjustments have been tax effected by the Australian corporate tax rate of 30%.

4.3.4 Statutory Historical Income Statements

Figure 19 sets out the statutory historical results for the financial years FY18, FY19 and FY20 and the half years H1-FY20 and H1-FY21.

Figure 19: Statutory Historical Income Statements

\$m	Notes	Statutory			Statutory	
		FY18	FY19	FY20	H1-FY20	H1-FY21
Revenue	1	71.3	75.5	64.8	29.2	40.2
Cost of sales	2	(39.1)	(41.3)	(35.3)	(16.2)	(21.4)
Gross profit		32.3	34.3	29.5	13.0	18.8
Other income	3	0.0	1.0	1.6	(0.0)	1.6
Other gains/(losses)	4	0.1	(0.1)	(0.0)	(0.0)	0.0
Employee benefits expense		(12.6)	(14.2)	(16.2)	(8.1)	(8.8)
Professional fees		(3.1)	(2.9)	(2.9)	(1.3)	(1.4)
Travel costs		(1.1)	(1.3)	(0.9)	(0.6)	(0.2)
Occupancy expenses	5	(0.8)	(1.0)	(0.1)	0.1	(0.2)
Administrative expenses		(3.5)	(3.5)	(3.6)	(2.1)	(1.8)
Share of gain/(loss) of an Associate/ Joint Venture	6	–	–	(0.2)	–	1.3
Unrealised gains/(losses) on FX	7	1.0	(0.1)	(0.6)	(0.6)	(0.8)
EBITDA		12.2	12.1	6.5	0.2	8.7
Depreciation		(2.0)	(1.8)	(3.0)	(1.4)	(1.2)
EBIT		10.2	10.3	3.5	(1.2)	7.5
Interest income		0.1	0.1	0.1	0.0	0.0
Finance costs		(0.2)	(0.3)	(1.1)	(0.5)	(0.5)
Profit before income tax		10.1	10.0	2.4	(1.7)	7.0
Income tax expense	8	(1.8)	(1.8)	(1.4)	(0.9)	(1.8)
Net profit after tax		8.4	8.2	1.0	(2.6)	5.2

Refer to Figure 15 Notes.

4.4 Segment information

Rubicon operates across three key geographic segments: Australia and New Zealand (**ANZ**), Asia and Rest of World (**ROW**).

Rubicon's fourth segment – Corporate – reports interest, depreciation, taxation and other charges not allocable to the three geographic segments. The Corporate segment does not have any material revenue or expenses included within EBITDA.

Figure 20 sets out pro forma historical revenue by segment for FY18, FY19, FY20, H1-FY20 and H1-FY21 and pro forma forecast revenue for FY21F.

4. Financial information continued

Figure 20: Pro forma revenue by segment

\$m	FY18	FY19	FY20	FY21F	H1-FY20	H1-FY21
Asia	5.7	26.3	27.0	40.8	10.3	25.8
ANZ	52.7	30.6	20.7	26.0	10.1	8.0
ROW	12.9	18.7	17.1	13.5	8.9	6.3
Total Revenue	71.3	75.5	64.8	80.4	29.2	40.2

Figure 21 sets out pro forma historical EBITDA by segment for FY18, FY19, FY20, H1-FY20 and H1-FY21 and pro forma forecast EBITDA for FY21F.

Figure 21: Pro forma EBITDA by segment

\$m	FY18	FY19	FY20	FY21F	H1-FY20	H1-FY21
Asia	(0.9)	5.4	3.3	11.3	(0.2)	7.9
ANZ	14.0	7.8	3.2	4.5	0.5	1.4
ROW	(0.5)	0.1	0.0	(2.0)	(0.0)	(0.5)
Corporate	0.2	(0.2)	(0.0)	0.0	–	–
Total EBITDA	12.8	13.1	6.5	13.8	0.2	8.8

Figure 22 sets out statutory historical revenue by segment for FY18, FY19, FY20, H1-FY20 and H1-FY21 and statutory forecast revenue for FY21F.

Figure 22: Statutory revenue by segment

\$m	FY18	FY19	FY20	FY21F	H1-FY20	H1-FY21
Asia	5.7	26.3	27.0	40.8	10.3	25.8
ANZ	52.7	30.6	20.7	26.0	10.1	8.0
ROW	12.9	18.7	17.1	13.5	8.9	6.3
Total Revenue	71.3	75.5	64.8	80.4	29.2	40.2

Figure 23 sets out statutory historical EBITDA by segment for FY18, FY19, FY20, H1-FY20 and H1-FY21 and statutory forecast EBITDA for FY21F.

Figure 23: Statutory EBITDA by segment

\$m	FY18	FY19	FY20	FY21F	H1-FY20	H1-FY21
Asia	(0.9)	5.4	3.3	11.3	(0.2)	7.9
ANZ	13.7	7.2	3.5	4.6	0.6	1.6
ROW	(0.5)	0.1	0.0	(2.0)	(0.0)	(0.5)
Corporate	(0.1)	(0.7)	(0.4)	(0.4)	(0.1)	(0.3)
Total EBITDA	12.2	12.1	6.5	13.5	0.2	8.7

4.5 Historical and Forecast Cash Flow Statements

4.5.1 Statutory and Pro Forma Forecast Cash Flows and Statutory Historical Cash Flows

Figure 24 below sets out the Pro Forma Historical Cash Flows for FY18, FY19 and FY20, the Pro Forma Forecast Cash Flows for FY21F and the Statutory Forecast Cash Flows for FY21F.

The Pro Forma Forecast Cash Flows and the Statutory Forecast Cash Flows are subject to the general assumptions and the specific assumptions underlying the Forecast Financial Information (see Section 4.8 for further details).

Figure 24: Summary of Pro Forma and Statutory Cash Flows

\$m	Notes	Pro Forma			FY21F	Statutory FY21F
		FY18	FY19	FY20		
EBITDA		12.8	13.1	6.5	13.8	13.5
Changes in working capital	1	(4.1)	(17.5)	(6.4)	(20.3)	(20.3)
Non-cash items in EBITDA	2	(1.4)	(0.7)	0.9	(2.9)	(2.9)
Operating free cash flow before capital expenditure		7.3	(5.2)	1.0	(9.5)	(9.8)
Capital expenditure		(1.0)	(1.3)	(0.9)	(1.7)	(1.7)
Cash lease payments		(0.7)	(0.9)	(0.9)	(1.1)	(1.1)
Investment in associate/loans	3	(0.4)	–	(0.3)	–	–
Contribution by NCI into subsidiaries		0.6	0.1	–	–	–
Cash flow before financing activities		5.9	(7.2)	(1.0)	(12.2)	(12.6)
Income taxes paid					(0.7)	(0.6)
Net finance costs					(1.1)	(1.1)
Proceeds/(repayment) of borrowings	4				(3.1)	(3.1)
Dividends paid					–	–
Net cash flow before Offer impact					(17.2)	(17.4)
Proceeds from issue of shares	5				–	–
Costs of the Offer	6				–	–
Net cash flows					(17.2)	(17.4)

Notes:

- Working capital:** comprises the sum of current accounts receivable, inventories and prepayments less the sum of current accounts payable, the current portion of employee benefits and lease liabilities and other current tax liabilities and accruals.
- Non-cash items in EBITDA:** largely reflect the recognition of unrealised FX gains and losses, the financial impact of the Company's recognition of its gains or losses from its joint ventures and impairment reversals (in respect of FY19).
- Investment in associate/loans:** reflects loans made to various shareholders for the purchase of shares in FY18 (\$0.4m) and investment in a JV not controlled by Rubicon in FY20 (\$0.3m).
- Proceeds/(repayment) of borrowings:** reflects the net cash impact of (i) payment of interest on Rubicon's existing debt facility and (ii) net proceeds from borrowings in H1-FY20.
- Proceeds from issue of shares:** as Rubicon is not expected to become a listed company until post-30 June 2021, no proceeds from the issue of shares has been reflected in the statutory cash flows.
- Cost of the Offer:** given the contemplated date of the Offer (described in Note 5), the Company is not expected to pay any of the costs of the Offer in FY21F.

4. Financial information continued

4.5.2 Pro forma adjustments to the Historical and Statutory Forecast Cash Flow Statements

Figure 25: Statutory Cash Flows

\$m	Notes	Statutory				Statutory	
		FY18	FY19	FY20	FY21F	H1-FY20	H1-FY21
EBITDA		12.2	12.1	6.5	13.5	0.2	8.7
Changes in working capital	1	(4.1)	(17.5)	(6.4)	(20.3)	(9.6)	(13.2)
Non-cash items in EBITDA	2	(1.4)	(0.7)	0.9	(2.9)	1.1	(0.4)
Operating free cash flow before capital expenditure		6.7	(6.1)	1.0	(9.8)	(8.3)	(4.9)
Capital expenditure		(1.0)	(1.3)	(0.9)	(1.7)	(0.5)	(0.9)
Cash lease payments		–	–	(0.9)	(1.1)	(0.5)	(0.5)
Investment in associate/loans	3	(0.4)	–	(0.3)	–	–	–
Contribution by NCI into subsidiaries		0.6	0.1	–	–	–	–
Cash flow before financing activities		6.0	(7.3)	(1.0)	(12.6)	(9.4)	(6.3)
Income taxes paid					(0.6)	(1.6)	(0.6)
Net finance costs					(1.1)	(0.4)	(0.7)
Proceeds/(repayment) of borrowings	4				(3.1)	14.4	(1.5)
Dividends paid					–	–	–
Net cash flow before Offer impact					(17.4)	3.0	(9.1)
Proceeds from issue of shares	5				–	–	–
Costs of the Offer	6				–	–	–
Net cash flows					(17.4)	3.0	(9.1)

Refer to Figure 24 Notes.

4.5.3 Statutory to pro forma cash flow reconciliation

Figure 26: Statutory to pro forma cash flow reconciliation

\$m	Notes	FY18	FY19	FY20	FY21F	H1-FY20	H1-FY21
Statutory cash flow before financing		6.0	(7.3)	(1.0)	(12.6)	(9.4)	(6.3)
Public company costs	1	(0.4)	(0.4)	(0.4)	(0.4)	(0.2)	(0.2)
External IPO adviser retainer	2	0.3	0.5	0.3	0.5	0.1	0.3
Offer costs	3	–	–	–	0.2	–	–
Pro forma cash flow before financing		5.9	(7.2)	(1.0)	(12.2)	(9.4)	(6.3)

Notes:

1. **Public company costs:** reflects the increase in corporate costs expected to arise as a consequence of the Company becoming publicly listed. The costs principally relate to Board and governance (Non-Executive Directors, incremental professional fees), additional legal and company secretarial costs, as well as an increase in investor relations.
2. **External IPO adviser retainer:** reflects fees paid on retainer to an external adviser engaged to prepare the Company for IPO.
3. **Offer costs:** reflects the amounts forecast to be expensed in FY21F in relation to the Offer (principally fees payable to external consultants and advisers).

4.6 Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position

4.6.1 Overview

Figure 27 sets out the adjustments that have been made to the Historical Statement of Financial Position of Rubicon as though the Offer had been completed on 31 December 2020.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not necessarily indicative of Rubicon's future financial position.

4. Financial information continued

Figure 27: Statutory to Pro Forma Statement of Financial Position reconciliation – Dec-20

\$m	Statutory	Note 1	Note 2	Note 3	Note 4	Note 5	Pro forma
		Pre-IPO Dividend	Offer proceeds	Offer costs	Employee offer	Repayment of borrowings	
Cash and cash equivalents	16.7	–	40.0	(5.0)	–	(10.0)	41.7
Trade and other receivables	58.0	–	–	0.2	–	–	58.2
Inventories	12.6	–	–	–	–	–	12.6
Current tax asset	0.5	–	–	–	–	–	0.5
Other current assets	1.3	–	–	–	–	–	1.3
Total Current Assets	89.2	–	40.0	(4.8)	–	(10.0)	114.4
Investments	1.4	–	–	–	–	–	1.4
Property, plant and equipment	6.7	–	–	–	–	–	6.7
Intangibles	0.4	–	–	–	–	–	0.4
Right of use asset	2.4	–	–	–	–	–	2.4
Deferred tax assets	3.4	–	–	1.4	–	–	4.8
Other Financial Assets	0.4	–	–	–	–	–	0.4
Total Non-Current Assets	14.7	–	–	1.4	–	–	16.2
Total Assets	103.9	–	40.0	(3.4)	–	(10.0)	130.5
Trade and other payables	14.2	–	–	–	–	–	14.2
Borrowings	6.6	10.0	–	–	–	(10.0)	6.6
Lease liability	1.0	–	–	–	–	–	1.0
Provisions	3.9	–	–	–	–	–	3.9
Total Current Liabilities	25.7	10.0	–	–	–	(10.0)	25.7
Borrowings	24.0	–	–	–	–	–	24.0
Lease liability	1.8	–	–	–	–	–	1.8
Provisions	0.3	–	–	–	–	–	0.3
Deferred tax liability	6.0	–	–	–	–	–	6.0
Total Non-Current Liabilities	32.2	–	–	–	–	–	32.2
Total Liabilities	57.9	10.0	–	–	–	(10.0)	57.9
Net Assets	46.1	(10.0)	40.0	(3.4)	–	–	72.6
Issued capital	1.5	–	40.0	(2.5)	0.7	–	39.7
Reserves	(1.0)	–	–	–	–	–	(1.0)
Retained earnings	44.8	(10.0)	–	(0.9)	(0.7)	–	33.2
Non-Controlling Interests	0.7	–	–	–	–	–	0.7
Total Equity	46.1	(10.0)	40.0	(3.4)	–	–	72.6

Notes:

1. **Pre-IPO dividend:** reflects the payment of a fully-franked pre-Offer dividend to Existing Shareholders. The payment is expected to be financed by a new facility assumed by the Company prior to completion of the Offer.
2. **Offer proceeds:** proceeds of \$40.0m will be raised through the issue of new Shares.
3. **Offer costs:** the costs of the Offer of \$5.0m are expected to be funded out of the Offer proceeds. \$3.6m (\$2.5m tax effected) of Offer costs have been determined to relate to the primary raise and will be offset against equity, while \$1.3m (\$0.9m tax effected) will be expensed to the income statement and recognised in retained earnings. A deferred tax asset of \$1.4m is recognised based on the income tax benefit of the future deductibility of Offer costs offset against equity, calculated by applying the Australian corporate tax rate of 30% to the deductible portion of Offer costs.
4. **Employee offer:** as a further cost of the Offer recognised in the income statement, an amount of \$0.7m reflecting (i) non-cash based share payments to entitled employees (\$0.2m) and (ii) the first year income statement impact of the indicative rights value of a restricted share plan offered to various key management personnel (\$0.5m).
5. **Repayment of borrowings:** part of the Offer proceeds will be used to repay the new debt facility assumed by the Company to finance the pre-IPO dividend (described in Note 1).

4.7 Statutory and pro forma indebtedness

4.7.1 Indebtedness overview

Figure 28 sets out a summary of indebtedness as at 31 December 2020, adjusted for certain pro forma adjustments related to the Offer as set out below.

Figure 28: Statutory and pro forma indebtedness

\$m	Statutory	Pro forma
Cash and cash equivalents	16.7	41.7
Current borrowings	(6.6)	(6.6)
Non-current borrowings	(24.0)	(24.0)
Net cash/(debt)	(13.9)	11.1
Lease liabilities	(2.8)	(2.8)
Net cash/(debt) after AASB 16 lease liabilities	(16.7)	8.3

4.7.2 Liquidity and capital resources

Rubicon's principal sources of liquidity will be cash generated from operations, cash on hand and borrowings under the Bank Facilities (including additional undrawn debt capacity).

Rubicon's main uses of liquidity are to fund working capital and capital expenditure requirements in order to operate and expand its business and the payment of interest and tax. Rubicon believes that its cash from operations, cash on hand and undrawn borrowing capacity under the Bank Facilities will be sufficient to meet its cash requirements for the foreseeable future.

4. Financial information continued

4.7.3 Description of banking facilities

Overview of bank facilities

On the 2nd of August 2021 Rubicon secured a suite of new banking facilities with HSBC Bank Australia Limited as detailed below (Bank Facilities).

Table 7: Description of bank facilities

Facility	Facility limit	Termination date	Purpose
Facility A	\$15.0m	2 years from execution	General corporate purposes
Facility B	\$15.0m*	2 years from execution	General corporate purposes and working capital
Facility C	\$8.0m	2 years from execution	General corporate purposes
Facility D	\$10.0m*	3 months from drawdown	Pre-IPO dividend payment
Facility E	\$1.5m	On demand	Facilitating payroll payments processing by third party providers
Facility F	\$0.4m	On demand	Issuance of corporate credit cards
Total new banking facilities	\$49.9m		

* Facility D is to be repaid 3 months from drawdown using proceeds of the Offer, Facility B limit to increase to \$20.0m upon the repayment of Facility D.

Item	Description										
Interest rates	<p>Facilities A, B and D carry the following interest rate: Margin + Interest Rate Benchmark (BBSY), whereby the Margin is calculate as:</p> <table> <tr> <th>Net Leverage Ratio</th><th>Facility A, B, D, and any Bank Guarantee issued under Facility C</th></tr> <tr> <td>≥ 2.25x</td><td>2.60%</td></tr> <tr> <td>≤ 1.75x and < 2.25x</td><td>2.35%</td></tr> <tr> <td>≤ 1.25x and < 1.75x</td><td>2.10%</td></tr> <tr> <td>< 1.25x</td><td>1.85%</td></tr> </table> <p>Facility C carries an interest rate of HSBC's Base Lending Rate (currently 6.95% p.a.). Facility E is a credit card facility, and the applicable interest rate is as per HSBC's terms and conditions and varies from time to time. Facility F does not carry an interest rate.</p>	Net Leverage Ratio	Facility A, B, D, and any Bank Guarantee issued under Facility C	≥ 2.25x	2.60%	≤ 1.75x and < 2.25x	2.35%	≤ 1.25x and < 1.75x	2.10%	< 1.25x	1.85%
Net Leverage Ratio	Facility A, B, D, and any Bank Guarantee issued under Facility C										
≥ 2.25x	2.60%										
≤ 1.75x and < 2.25x	2.35%										
≤ 1.25x and < 1.75x	2.10%										
< 1.25x	1.85%										
Conditions precedent to initial drawdown	<p>To include such documents and/or evidence as the Lender deems desirable after completion of due diligence and such other conditions precedent as are usual and customary for facilities and transaction of this nature and must be satisfied in a form and substance satisfactory to the Lender.</p>										
Financial covenants	<p>Financial Covenants to be tested quarterly, calculated on a 12 month rolling basis.</p> <ul style="list-style-type: none"> Net leverage ratio (net debt/EBITDA) to be less than or equal to 3.00:1 Interest cover ratio (EBITDA/net interest expense) to be greater than or equal to 3.50:1 Minimum Shareholders' Equity to at the end of each financial quarter to be equal to or greater than the higher of AUD20,000,000 or 85% of the Shareholders' Equity as at the immediately preceding financial year end 										

Item	Description
Representations and warranties	To include such representations and warranties as the Lender deems desirable after completion of due diligence and such other representations and warranties as are usual and customary for facilities and transactions of this nature.
Undertakings	<p>Information undertakings include:</p> <ul style="list-style-type: none"> a) within 120 days of the end of its financial years its audited consolidated financial statements b) within 90 days of the end of its financial half years its consolidated financial statements c) within 45 days of the end of its financial quarter end its management accounts d) within 45 days of the end of its financial quarter, an update on any loss-making contracts and any significant contracts with a revenue greater than 10% of total revenue e) with each set of financial statements, a compliance certificate signed by two directors of the Company, including computations (set out in reasonable detail) as to compliance with the Financial Covenants and the Guarantor Coverage Test f) within 45 days of the end of its financial years its annual budget g) all documents dispatched by the Company to its shareholders (or any class of them) or its creditors generally h) details of any material litigation, arbitration or administrative proceedings i) such other information regarding the financial condition, business and operations of any member of the Group as any Lender may reasonably request j) any change in authorised signatories k) notice of any event of default, potential event of default or review event l) any material notice or order from or to any government agency relating to the business of the Group m) any material change in relation to the ownership of the Obligors as represented in the group structure chart most recently provided to the Lender (or which would otherwise impact on the security interests granted under the Finance Documents) n) where any ACN or ABN allocated to an Obligor changes, is cancelled or otherwise ceases to apply to it (or the Obligor obtains an ABN where it does not already have one) <p>On the introduction of or any change in law, a change in the status of an Obligor, change of material shareholders and/or control, a change in the authorised signatories of an Obligor or a proposed assignment or transfer by the Lender, each Obligor shall promptly upon the request of the Lender supply such documentation and other evidence as is reasonably requested by the Lender (or any prospective new Lender) in order for such Lender (or prospective new Lender) to carry out and be satisfied with the results of all necessary "know your customer" or other checks in relation to the transactions contemplated in the Finance Documents.</p> <p>General undertakings include such undertakings as the Lender deems desirable after completion of due diligence, and such other undertakings as are usual and customary for facilities and transactions of this type.</p>
Events of default and review events	To include such events of default and review events as the Lender deems desirable after completion of due diligence and such other event of default as are usual and customary for facilities and transactions of this type.

4. Financial information continued

4.7.4 Contractual obligations, commitments and contingent liabilities

Table 8 sets out Rubicon's contractual obligations and commitments (following Completion of the Offer). Operating lease commitments relate to rental lease payments on Rubicon's leasehold properties. Hire purchase lease commitments relate to hire purchase lease payments on some of Rubicon's motor vehicles and PP&E.

Rubicon has contingent liabilities in respect of the following items:

- Bank guarantees provided in the amount of \$0.3m as at 31 December 2020.

Excluding the items above, Rubicon is not aware of any material actual or contingent liabilities, transactions or arrangements which are not disclosed in the Pro Forma Historical Statement of Financial Position (see Section 4.6) or the table below.

Table 8: Pro forma contractual obligations and commitments as at 31 December 2020

\$m	Pro forma	Payments due by periods		
		< 1 year	1-5 years	> 5 years
Existing banking facility*	30.6	6.6	24.0	–
Operating lease commitments	2.8	1.0	1.8	–
Total	33.4	7.5	25.9	–

* On the 2nd of August 2021, Rubicon secured new debt facilities of \$49.9m as described in Section 4.7.3. The existing banking facility presented in the table above will be replaced by these new facilities.

4.8 Forecast Financial Information

4.8.1 Overview

The Forecast Financial Information has been prepared based on the Significant Accounting Policies adopted by Rubicon, which are in accordance with the AAS and are disclosed in Section 4.2.

The Forecast Financial Information is based on various best estimate general and specific assumptions concerning future events, including those set out below. The assumptions explained below are set out in summary only and do not represent all factors that may affect Rubicon's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring but is not intended to be a representation that the assumptions will occur.

In preparing the Forecast Financial Information for FY21F Rubicon reflected:

- its reviewed results for H1-FY21, the unaudited results and events for the four-month period ended 30 April 2021 and forecast trading for the two months ending 30 June 2021;
- known committed orders and updated revenue and margin forecasts for the two months ending 30 June 2021;
- forecast operating expenses for the two months ending 30 June 2021 updated for known changes;
- unrealised foreign exchange gains or losses based on the estimated foreign currency denominated monetary balances at 30 June 2021 and foreign exchange rates as at that date; and
- the effects of the IPO and capital raising.

Rubicon has also undertaken an analysis of historical performance and applied assumptions in order to benchmark future performance forecasts.

Rubicon has prepared the Forecast Financial Information with due care and attention and believe the general and specific assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, the actual results are likely to vary from the forecast and any variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information are based are, by their nature, subject to significant uncertainties and contingencies, many of which are outside the control of Rubicon and the members of its Board and are not reliably predictable.

Accordingly, no assurance is given that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material positive or negative impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.10, the risk factors set out in Section 5 and the Investigating Accountant's Report set out in Section 8.

4.8.2 General assumptions

The following general assumptions are relevant to the Forecast Financial Information:

- there is no material change in the competitive and operating environments in which Rubicon operates;
- there is no material change in the legislative regimes (including tax) and regulatory environment in which Rubicon operates;
- there is no change in applicable AASs and IFRS that would have a material impact on Rubicon's accounting policies, financial reporting or disclosure requirements;
- there is no material amendment to, or termination of, any material agreement relating to Rubicon's business other than as disclosed in this Prospectus;
- there are no significant disruptions to the continuity of operations of the Rubicon Group (and there are no other material changes in Rubicon's business) arising from the current COVID-19 pandemic or otherwise;
- there are no material acquisitions, disposals, restructures or investments for the Rubicon Group other than as set out in this Prospectus;
- there are no material changes to Rubicon's corporate and funding structure other than as set out in, or contemplated by, this Prospectus;
- there is no loss of key management personnel and Rubicon will maintain the ongoing ability to recruit and retain required personnel required to support the future growth of the business;
- there are no significant changes in key foreign currency denominated activities or exchange rates (in particular the CNY and INR) for the remainder of the forecast period;
- there are no claims or material litigation, including industrial action or other disturbances, that will arise or be decided or settled to the detriment of Rubicon;
- there are no additional contingent liabilities that will arise or be realised to the detriment of Rubicon;
- none of the key risks set out in Section 5 eventuates, or if they do, none of them has a material adverse impact on the operations of Rubicon; and
- the Offer proceeds are received in accordance with the timetable set out on Page 6 Important Dates of this Prospectus.

4.8.3 Specific assumptions

4.8.3.1 Revenue & margins

The Forecast Financial information is based on the following key revenue and margin assumptions:

- reviewed actual revenue and margins for the six months to 31 December 2020;
- unaudited revenue and margins for the period to 30 April 2021;
- known contracted orders from customers scheduled to be completed between 1 May 2021 and 30 June 2021;
- estimated other products and services to be sold between 1 May 2021 and 30 June 2021 based on specific forecasts for key customers, average run rate and ratios for consumables and support income; and
- average product selling prices and margins reflecting the different sales segments and the different channels and pricing structures.

4.8.3.2 Other income

The Forecast Financial Information includes unaudited other income for the period to 30 April 2021 which principally relates to Government financial support from JobKeeper and other subsidies. No additional material other income is forecast to be received in the period 1 May 2021 to 30 June 2021.

4. Financial information continued

4.8.3.3 Operating expenses

The Forecast Financial Information is based on the following key operating expense assumptions:

- employee benefit expense is based on the unaudited expenses for the period to 30 April 2021 and forecast expenses for the period 1 May 2021 to 30 June 2021 with allowance for movements in specific roles in the period 1 May 2021 to 30 June 2021;
- administrative expenses are based on the unaudited expenses for the period to 30 April 2021 and forecast expenses for the period 1 May 2021 to 30 June 2021 having regard to historical expenditure trends and other known matters;
- professional fees are based on unaudited expenses for the period to 30 April 2021 and forecast expenses for the period 1 May 2021 to 30 June 2021 having regard to historical expenditure trends and other known matters;
- travel costs based on the unaudited expenses for the period to 30 April 2021 and forecast expenses for the period 1 May 2021 to 30 June 2021 having regard to historical expenditure trends and consideration of current travel restrictions;
- occupancy costs based on the unaudited expenses for the period to 30 April 2021 and forecast expenses for the period 1 May 2021 to 30 June 2021 having regard to historical expenditure trends and other known matters, noting that the amortisation and interest related to right of use assets are recognised separately;
- share of gain/(loss) on associate/joint venture is based on Rubicon's share of the unaudited post-tax earnings of the Indian joint venture for the period to 30 April 2021 and Rubicon's forecast contribution for the period 1 May 2021 to 30 June 2021 which has been estimated with reference to projected production volumes and deliveries; and
- unrealised gains/(losses) on FX is based on the estimated foreign currency denominated monetary balances at 30 June 2021 and exchange rates as at that date.

4.8.3.4 Depreciation and amortisation

The Forecast Financial Information for depreciation and amortisation is based on the following key assumptions:

- depreciation is based on the current property, plant and equipment's depreciation schedules and includes depreciation for planned capital expenditure, depreciated on a straight line or diminishing value basis as applicable; and
- amortisation is based on the amortisation schedules for Rubicon's Right of Use Assets.

4.8.3.5 Net finance expense

The Forecast Financial Information includes interest expense on Rubicon's banking facilities along with the interest expense on lease liabilities recognised under AASB 16.

4.8.3.6 Income tax

The forecast income tax expense has been derived by estimating the actual income tax expense for the period to 30 April 2021 and assuming a corporate tax rate of 30% for the two month period to 30 June 2021. All pro forma adjustments have been tax effected by a 30% corporate tax rate.

4.8.3.7 Changes in working capital

The Forecast Financial Information is based on the following key working capital assumptions:

- trade receivables and accrued revenue are consistent with the historical and prevailing customer invoicing and collection experiences. Key customers will remit their outstanding balances on or around the date they fall due;
- inventory holdings are consistent with customer orders, production schedules and customer expectations for supplies of consumables and accessories; and
- trade and other payables are in accordance with current terms with suppliers.

4.8.3.8 Capital expenditure

The Forecast Financial Information is based on planned levels of capital expenditure for FY21F.

4.8.3.9 Right of Use Assets and Lease Liabilities

The Forecast Financial Information includes Right of Use Assets and corresponding Lease Liabilities for Rubicon's leases.

4.9 Management discussion and analysis of Forecast Financial Information

4.9.1 Overview

Below is a discussion of Rubicon's revenues and expenses; and the main drivers of the Group's historical operating and financial performance. Rubicon expects many of these drivers to continue during the period of the Forecast Financial Information.

The discussion is intended to provide a brief summary only and does not detail all the factors that impacted the historical operating and financial performance; nor does it include everything which may impact Rubicon's operating and financial performance in the future.

Unless otherwise stated, all metrics and financial information presented in this Section, and the related commentary is on a pro forma basis only. The information in this Section 4 should also be read in conjunction with the general and specific assumptions in Sections 4.8.2 and 4.8.3, the sensitivities in Section 4.10, key risk factors set out in Section 5 and the other information contained in this Prospectus.

4.9.2 Revenue

Rubicon's revenue is predominantly derived from large-scale, multi-period, projects for the manufacture, delivery and installation of Rubicon's engineering products and solutions. Revenue has continued to grow year-on-year with the exception of FY20 which was impacted by project delays across most geographies as a result of the COVID-19 economic downturn. Revenue in FY21F was also impacted by the COVID-19 outbreak in India. After an initial lock-down period, Rubicon's level of activity in India is returning to pre-COVID levels. Rubicon's activities are classified as essential services in India.

Rubicon's integrated solutions are developed for and sold to global governments, irrigation water authorities and private sector farmers. Rubicon generates revenue through sales of hardware, software and service solutions, as well as from ongoing maintenance of installed products.

- **Hardware revenue** reflects the manufacturing, delivery and installation of field devices used to monitor environmental conditions and enable remote monitoring and operations. Rubicon hardware products are described in further detail in Section 3.5.2. Revenue from the delivery and installation of hardware products is underpinned by contractual agreements with customers. Contracts are predominately over multiple periods and the recognition of revenue from contracts is assessed on a Percentage of Completion ('PoC') basis as the performance obligation is satisfied over time, in line with AASB 15 *Revenue from Contracts with Customers*. In FY21F, revenue from contracts for the manufacturing, delivery and installation of field devices represents c. 86% of total revenue.
- **Software and service solutions revenue** reflects the annual maintenance fees received from customers for the support and updates of Rubicon's irrigation management software. In FY21F, revenue from software and service solutions comprises 7% of total revenue.
- **Ongoing maintenance revenue** reflects the maintenance and support of existing customer field devices. In FY21F, revenue from ongoing maintenance is forecast to represent 7% of total revenue.

Rubicon's key driver of revenue growth across the historical period has been the expansion of its geographic footprint from its Australian-based foundations. For example, in FY18 the ANZ segment contributed 74% of Group revenue. This is forecast to contribute 32% of Rubicon's consolidated revenue in FY21F. This change in geographic mix has largely been driven by key contract wins in Asia (primarily India) due to the contract with Krishna Bhagya Jala Nigam Limited (KBJNL). Revenue from this customer relates to a contract for a single project which was awarded in FY19. Revenue from this contract comprises 21%, 30% and 37% of total revenue in FY19, FY20 and FY21F, respectively.

Figure 29 illustrates the historical and forecast revenue from FY18 to FY21F, split between regions Asia, Australia and New Zealand (ANZ), and Rest of the World (ROW).

Figure 29: Pro forma revenue by segment (\$m) (FY18 to FY21F)

\$m	FY18	FY19	FY20	FY21F
Asia	5.7	26.3	27.0	40.8
ANZ	52.7	30.6	20.7	26.0
ROW	12.9	18.7	17.1	13.5
Total Revenue	71.3	75.5	64.8	80.4

4. Financial information continued

Figure 30: Pro forma revenue by segment as a percentage of total revenue

	FY18	FY19	FY20	FY21F
Revenue by segment (% of total)				
Asia	8%	35%	42%	51%
ANZ	74%	40%	32%	32%
ROW	18%	25%	26%	17%

Note: the above excludes the earnings contribution from Rubicon's joint ventures in Asia.

Asia is the largest segment and forecast to comprise 51% of FY21F overall revenue.

- Asia revenue is forecast to increase to \$40.8m in FY21F, an increase of 51% pcp (FY20: \$27.0m). Revenue from this segment increased 3.0% in FY20 (FY19: \$26.3m) and increased 363% in FY19 (FY18: \$5.7m).
- Revenue from Asia as a percentage of overall revenue has increased over the historical period, from 8% of overall revenue in FY18 to 42% of overall revenue in FY20, primarily driven by the project with KBJNL (Krishna Bhagya Jala Nigam Limited) in India.

ANZ is the second largest segment and forecast to comprise 32% of FY21F overall revenue.

- ANZ revenue is forecast to increase to \$26.0m in FY21F, an increase of 26% pcp (FY20: \$20.7m). Revenue from this segment decreased 32% in FY20 (FY19: \$30.6m) and decreased by 42% in FY19 (FY18: \$52.7m).
- Revenue from this segment has decreased as a proportion of overall revenue over the historical period, from 74% of overall revenue in FY18 to 32% in FY20, primarily driven by a decrease in revenue across the two largest customers due to:
 - the major capital roll out for one customer nearing completion, and transitioning toward ongoing maintenance and support; and
 - capital works related to another customer slowing in FY19 and FY20 as its awaited the approval of additional government funding to expand the initial program.
- The largest ANZ customer comprises 33% of ANZ revenue and 11% of overall revenue in FY21F. Contracts with this customer are purchase order based and usually delivered within one year.
- Recent COVID-19 outbreaks in FY21F have not materially impacted domestic supply chains or production.

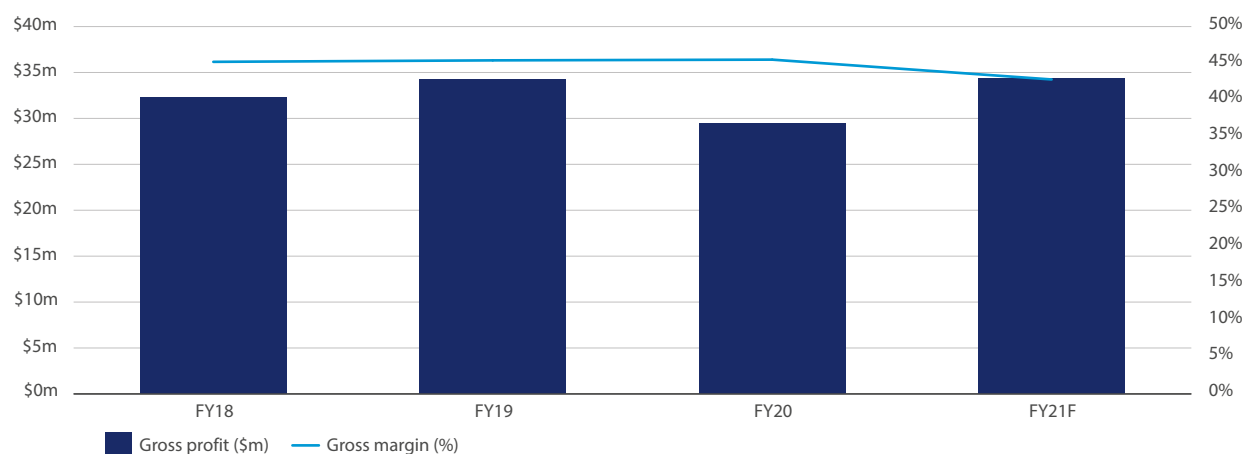
ROW comprises the following regions: US, Latin America (principally Argentina, Chile and Mexico) and Europe (principally Spain and Italy). ROW is forecast to comprise 17% of FY21F overall revenue.

- ROW revenue is forecast to be \$13.5m in FY21F, a decrease of 21% pcp (FY20: \$17.1m). Revenue from this segment decreased 9% in FY20 (FY19: \$18.7m) and increased 45% in FY19 (FY18: \$12.9m).
- ROW revenue as a percentage of overall revenue has increased from 18% of total revenue in FY18 to 26% of total revenue in FY20. This is forecast to decrease to 17% of total revenue of the Group in FY21F, reflecting the reduction in revenue arising from the COVID-19 related slowdown in sales activity.

4.9.3 Gross profit

Figure 31 illustrates the historical and forecast gross profit and related margins from FY18 to FY21F.

Figure 31: Rubicon pro forma gross profit (\$m) and gross margin (%) (FY18 to FY21F)



Pro forma Gross Margin

\$m	Pro Forma			
	FY18	FY19	FY20	FY21F
Revenue	71.3	75.5	64.8	80.4
Cost of sales	(39.1)	(41.3)	(35.3)	(46.0)
Gross profit	32.3	34.3	29.5	34.4
Gross margin (%)	45.2%	45.4%	45.5%	42.8%

Cost of sales represents costs associated with the manufacture and assembly of products, project delivery and installation costs and are typically recognised alongside revenue based on the percentage of completion method.

Gross profit increased 6% in FY19 (FY18: \$32.3m) and decreased by 14% in FY20 (FY19: \$34.3m). These gross profit trends from FY18 to FY20 primarily reflected the revenue trends referred above with the pro forma gross profit margin remaining comparable (between 45.2% and 45.5%) over this period.

Gross profit is forecast to increase to \$34.4m in FY21F, an increase of 17% pcp (FY20: \$29.5m). The forecast decrease in the FY21F gross margin of 42.8% coincides with an increase in outsourcing costs to meet contractual obligations post the COVID-19 related slowdown in FY20 and H1-FY21, the decision to retain experienced technical staff in the US during the COVID-19 slowdown and the impact of foreign exchange movements on contract revenues. Gross profit is forecast to increase in FY21F despite a reduction in gross margin over the period.

Asia has reported the highest variability in gross margin over the period and is and forecast to achieve a 47.3% gross margin in FY21F.

- Asia gross margin is forecast to increase by 4.3 percentage points in FY21F, after a decrease of 8.2 percentage points in FY20.
- The general increase in Asia gross margin between FY18 and FY21F is due to the increase in the scale of the business across a larger number of customers.

ANZ has the second highest segment FY21F gross margin and forecast to achieve a 43.1% gross margin in FY21F.

- ANZ gross margin is forecast to decrease by 6.7 percentage points in FY21F, after an increase of 2.8 percentage points in FY20. The forecast reduction in the FY21F gross margin reflects increased outsourcing costs to satisfy the abovementioned contractual commitments.
- The ANZ gross margin has been relatively consistent between FY18 and FY20, with a reduction in FY21F.

ROW has the lowest segment FY21F gross margin and forecast to achieve a 28.8% gross margin in FY21F.

- ROW gross margin is forecast to decrease by 15.5 percentage points in FY21F, after an increase of 10.2 percentage points in FY20. This largely reflects the reduced production levels in US which generally attracts a higher margin than other geographies within this segment.

4. Financial information continued

4.9.4 Other income and other gains and losses

Figure 32: Other income and other gains and losses

\$m	Pro Forma			FY21F
	FY18	FY19	FY20	
Other income	0.0	1.0	1.6	1.6
Other gains/(losses)	0.1	(0.1)	(0.0)	0.0

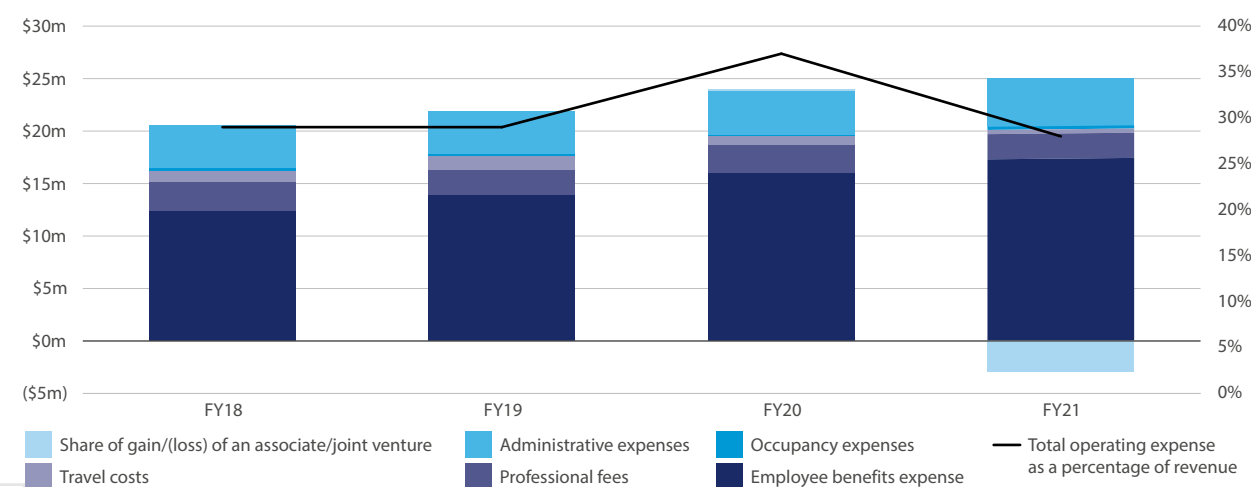
Other income relates primarily to gains/losses on sale of assets and other non-operating income relating to governments support during the period of COVID-19 from the Australian and New Zealand Governments including JobKeeper wage subsidies in FY20 and H1-FY21.

The financial support received from these initiatives has been used to maintain Rubicon's employee numbers and associated wages.

4.9.5 Operating expenses

Figure 33 illustrates operating expense categories and total operating expenses as a percentage of revenue from FY18 to FY21F.

Figure 33: Operating expenses (\$m) and as a percentage of revenue (%) – FY18 to FY21F



Operating expenses increased by 7.1% from FY18 to \$22.0m FY19, principally as a result of additional employee numbers and travel costs as the Company continued to expand its geographic footprint. An additional five employees were recruited between FY18 and FY19. Travel costs increased by \$0.3m to \$1.3m.

Operating expenses increased by 9.4% from \$22.0m in FY19 to \$24.0m in FY20, coinciding with the recruitment of an additional 7 employees and additional administrative costs in establishing the Indian joint venture. Travel costs decreased by \$0.4m as COVID-19 restrictions were enforced.

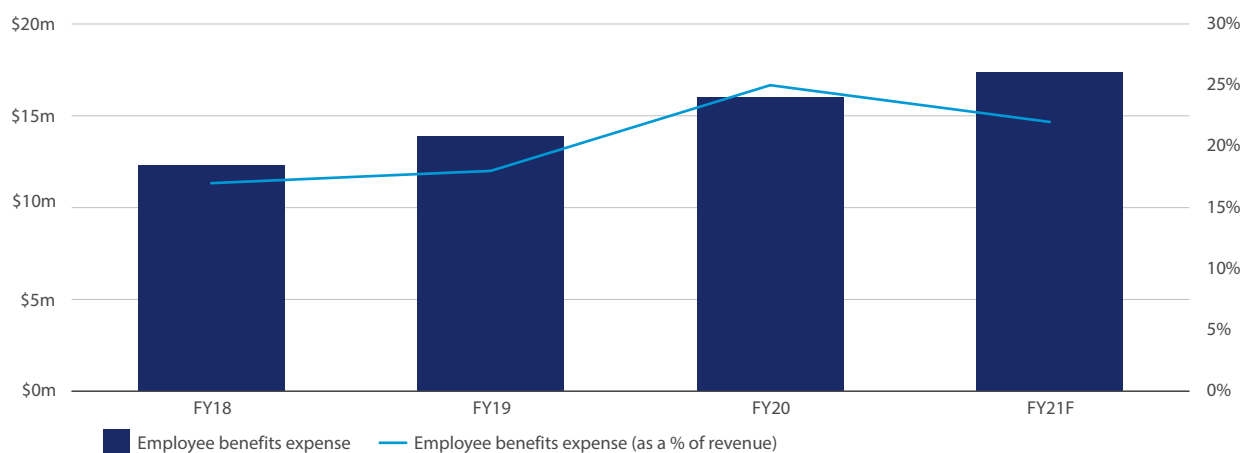
Operating expenses are forecast to decrease to \$22.2m in FY21F, a decrease of 7.6% from FY20. This decrease is primarily due to the \$3.0m reduction in operating expenses caused by the earnings contribution of the Indian joint venture (recognised as an offset against operating expenses). After excluding the financial contribution from the Indian JV, operating expenses are forecast to increase by 5.0% from FY20 to FY21F, notwithstanding a \$0.6m reduction in travel expenses. Average employee numbers are forecast to increase by a further four full time equivalent employees.

4.9.5.1 Employee benefits expense

Employee benefits expenses represent the largest operating expense of Rubicon (78% of FY21F operating expenses).

Figure 34 illustrates total employee benefits expenses from FY18 to FY21F. Employee benefits expenses excludes those employee costs directly attributable to production which are included in costs of sales and gross margins.

Figure 34: Employee benefits expenses (\$m) and as a percentage of revenue (%) – FY18 to FY21F



Employee benefits expense has increased at a greater rate from FY18 to FY21F than the increase in revenue (17% of revenue in FY18 compared to 22% of revenue in FY21F) based on the Company's continued investment and building capability in offshore markets, as well as growing technical and software development teams.

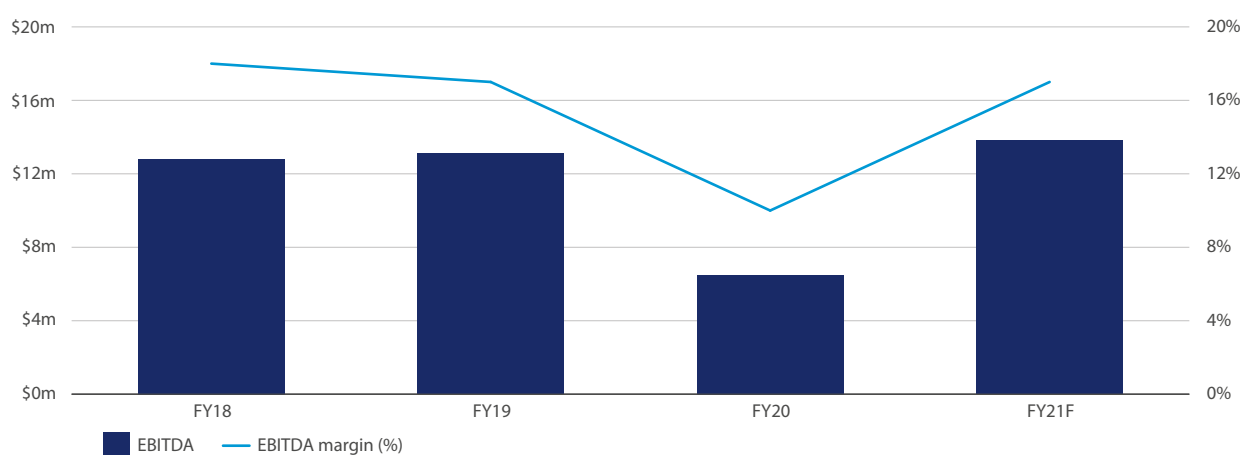
4.9.6 EBITDA

Figure 35 illustrates the historical EBITDA and forecast EBITDA performance for Rubicon from FY18 to FY21F.

EBITDA is forecast to increase in FY21F to \$13.8m, up 113% pcp (FY20: \$6.5m). This is driven by revenue growth (24%) as certain projects that were delayed in FY20 by COVID-19 re-commenced in FY21. Revenue growth, improving gross profit and increased scalability of operations are drivers to improving EBITDA.

EBITDA decreased 51% in FY20 (FY19: \$13.1m) and increased 2.1% in FY19 (FY18: \$12.8m).

Figure 35: EBITDA (\$m) and EBITDA margin (% of revenue) – FY18 to FY21F



4. Financial information continued

The EBITDA contribution from each of the three geographic segments is presented below:

Figure 36: EBITDA (\$m) by segment

\$m	FY18	FY19	FY20	FY21F
Asia	(0.9)	5.4	3.3	11.3
ANZ	14.0	7.8	3.2	4.5
ROW	(0.5)	0.1	0.0	(2.0)
Corporate	0.2	(0.2)	(0.0)	0.0
Total EBITDA	12.8	13.1	6.5	13.8

Asia is the largest segment, with EBITDA of \$11.3m in FY21F, up 241% pcp (FY20: \$3.3m). This increase was driven by the growth in revenue (51% pcp) and the contribution of profit from the Indian JV (\$2.9m).

ANZ is the second largest segment, with EBITDA of \$4.5m in FY21F, up 42% pcp (FY20: \$3.2m). This increase was driven by growth in revenue (26% pcp). Revenue and EBITDA from ANZ have declined over the historical period in-line with domestic customer requirements, with Rubicon increasing its focus on international markets.

ROW is the smallest segment, with EBITDA loss of \$2.0m in FY21F compared to FY20: EBITDA of \$0.0m. The decrease was driven by the lower revenues and profitability in the US market (due to COVID-19 impacts).

Figure 37: EBITDA to operating free cash flow before capital expenditure (\$m) H1-FY20 and H1-FY21

\$m	Statutory	
	H1-FY20	H1-FY21
EBITDA	0.2	8.7
Changes in working capital	(9.6)	(13.2)
Non-cash items in EBITDA	1.1	(0.4)
Operating free cash flow before capital expenditure	(8.3)	(4.9)

The financial results of half yearly reporting periods can vary significantly. This is driven by the delivery profile on new major contracts, and customer installation requirements being outside of irrigation seasons by geography.

In comparing the financial performance of each financial half year, it is evident that Rubicon recorded a strong EBITDA result in H1-FY21 relative to H1-FY20 (and the second half of FY21F). Trading in H1-FY21 was favourably impacted by the following:

- In H1-FY20, Rubicon was largely undertaking preparatory activities to enable delivery of the new KBJNL contract, whereas production was well underway for this contract in H1-FY21.
- H1-FY21 EBITDA includes share of profit from the Indian JV of \$1.3m (FY20: \$nil). The contribution of the Indian JV is forecast to be \$1.6m in H2-FY21.
- The Company received COVID-19 related financial support from the Australian and New Zealand Governments in H2-FY20 and H1-FY21 of c. \$1.6m in each period.

Figure 38: Pro forma historical operating free cash flow and cash flow before financing activities (\$m)

\$m	Pro Forma			FY21F
	FY18	FY19	FY20	
EBITDA	12.8	13.1	6.5	13.8
Changes in working capital	(4.1)	(17.5)	(6.4)	(20.3)
Non-cash items in EBITDA	(1.4)	(0.7)	0.9	(2.9)
Operating free cash flow before capital expenditure	7.3	(5.2)	1.0	(9.5)
Capital expenditure	(1.0)	(1.3)	(0.9)	(1.7)
Cash lease payments	(0.7)	(0.9)	(0.9)	(1.1)
Investment in associate/loans	(0.4)	–	(0.3)	–
Contribution by NCI into subsidiaries	0.6	0.1	–	–
Cash flow before financing activities	5.9	(7.2)	(1.0)	(12.2)

- Pro forma operating free cash outflows of \$9.5m are forecast to be recorded in FY21F following the generation of \$1.0m of operating free cash inflows in FY20. The negative cash flows in FY21F predominantly reflect the investment in additional working capital arising from the growth in overseas projects and supply contingencies during the COVID-19 period. The balance also coincides with increased activities in India and payment delays during the COVID-19 situation delays, although remittances are continuing. A further c. \$15.0m of receivables from Indian operations are expected to be received across July and August 2021. Management have a disciplined process to monitor progress authorisations and remittances and foresee no risks of collectability.
- Operating free cash flows have been variable over the historical period as Rubicon has expanded its international operations.
- Increase in capital expenditure of \$0.8m that relates to purchases of PP&E and capitalisation of development costs related to new FarmConnect products.

4.10 Sensitivity analysis

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Rubicon Management and the members of its Board, and which contain assumptions with respect to future business developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecasts, set out in Figure 39 is a summary of the sensitivity of certain Forecast Financial Information to changes in a number of key variables. The EBITDA impact assumes that those sensitivities are applied to the entirety of FY21F.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that Rubicon would respond to any adverse change in one variable by seeking to minimise the net effect on Rubicon's EBITDA.

4. Financial information continued

Figure 39: Sensitivity analysis on pro forma EBITDA for FY21F (\$m)

Driver	Notes	Increase/ decrease	FY21F assumption	FY21F EBITDA impact (\$m)	
				Decrease	Increase
Gross margin %	1	1.0%	42.8%	(0.8)	0.8
EBITDA %	2	1.0%	17.2%	(0.8)	0.8
INR/AUD FX rate	3	1.0%	55.2	0.4	(0.4)
CNY/AUD FX rate	4	1.0%	4.9	0.1	(0.1)

Notes:

The estimated impact of changes in each assumption has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or may be additive. In addition, the sensitivities set out in Figure 39 do not reflect any action that management might take to manage the impact of changes to the assumptions.

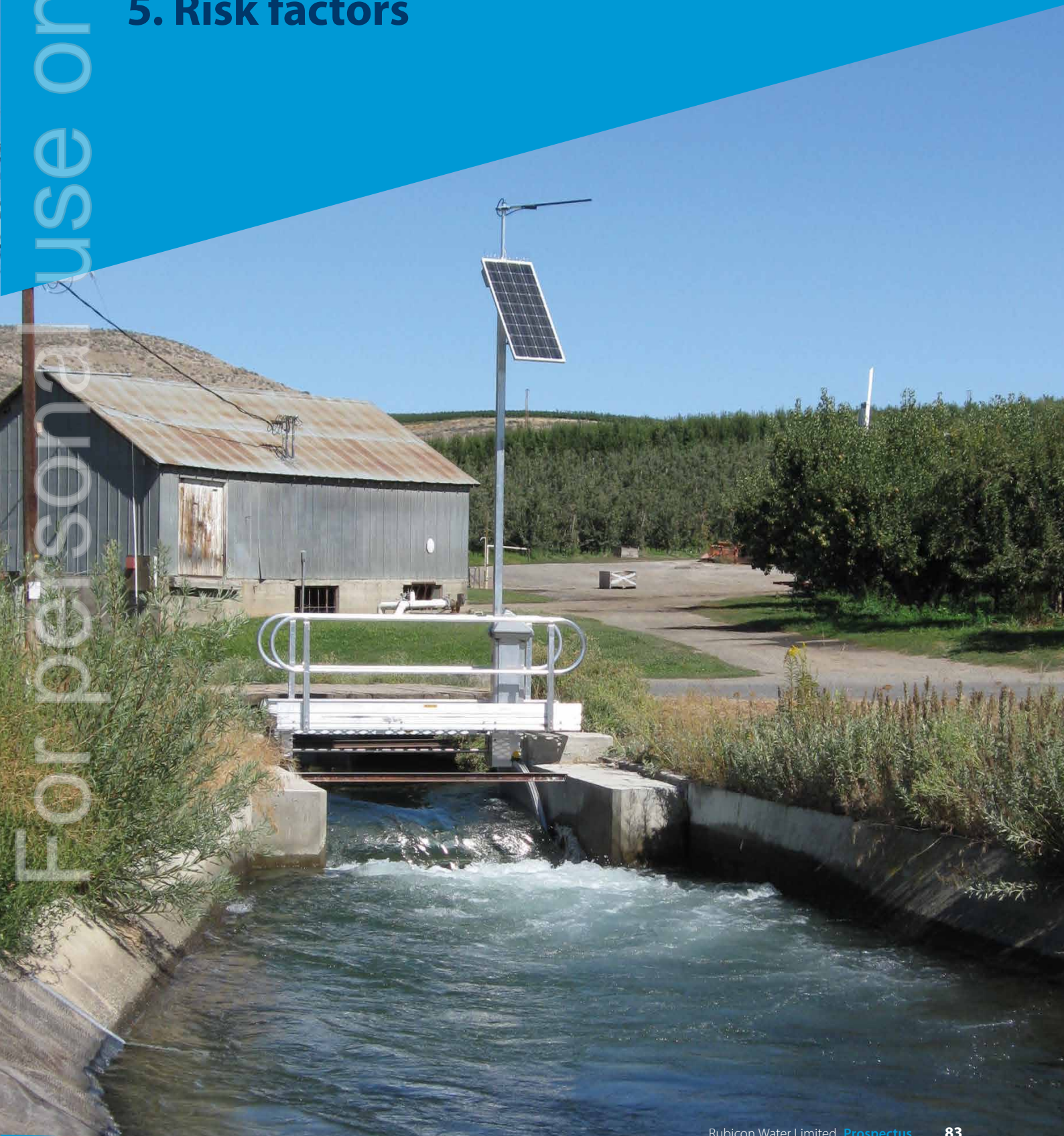
1. Gross margin % is forecast to be 42.8% in FY21F. The sensitivity demonstrates the impact of a 1.0% movement in the gross margin, calculated based on the FY21F revenue on a non-tax-effected basis.
2. EBITDA % is forecast to be 17.2% in FY21F. The sensitivity demonstrates the impact of a 1.0% movement in the EBITDA margin, calculated based on the FY21F revenue on a non-tax-effected basis.
3. In FY21F, Rubicon is forecast to earn c.39% of its revenue in INR. The average INR/AUD FX rate for FY21 is forecast to be 55.2. The sensitivity demonstrates the EBITDA impact of a 1% appreciation/depreciation of the INR against the AUD, applied to INR denominated revenue in FY21F.
4. In FY21F, Rubicon is forecast to earn c.9% of its revenue in CNY. The average CNY/AUD FX rate for FY21 is forecast to be 4.9. The sensitivity demonstrates the EBITDA impact of a 1% appreciation/depreciation of the CNY against the AUD, applied to CNY denominated revenue in FY21F.

4.11 Dividend policy

Other than the pre-completion dividend, the Directors have no current intention of declaring or paying dividends in the short to medium term as it is their intention to reinvest cash earnings into Rubicon to further develop and grow the business. The Rubicon Board will review this policy as appropriate and the declaration and amounts of any dividends are at the sole discretion of the Rubicon Board. In making a decision concerning dividends, the Rubicon Board will take into account Rubicon's earnings for the period, distributable reserves, future capital requirements, growth opportunities and any other factors the Directors may consider relevant.



5. Risk factors



5. Risk factors

5.1 Introduction

This Section describes some of the potential risks associated with the Company's business and the industry and markets in which the Company operates and risks associated with an investment in Shares. The Company is subject to a number of risks both specific to the Company's business activities and of a general nature, which may, either individually or in combination, adversely impact the Company's future operating and financial performance and the value of the Company's Shares. This Section does not purport to list every risk faced by the Company now or in the future. Many of these risks, or the consequences of such risks, are outside the control of the Company, the Directors and management. If one or more of these risks eventuates, then the future operating and financial performance of the Company and the value of your investment in Shares may be adversely affected.

The selection of risks outlined in this Section is based on an assessment of the probability of the risk occurring, the impact of the risk on the Company should the risk materialise and the Company's ability to mitigate the risk. This assessment is based on the knowledge of Directors and management as at the Prospectus Date. There is no guarantee or assurance that the importance of the risks will not change or other risks that may adversely impact the Company will not emerge.

There can be no guarantee that the Company will achieve its stated objectives, successfully implement its business strategy, or that the forecast financial information or any forward-looking statement contained in this Prospectus will be achieved or eventuate. You should note that past performance may not be a reliable indicator of future performance.

An investment in the Company is not risk free. Before applying for Shares, you should be satisfied that you have a sufficient understanding of the risks involved in making an investment in the Company and whether the Shares are a suitable investment for you having regard to your investment objectives, financial circumstances and taxation position. Before deciding whether to apply for Shares, you should read this Prospectus in its entirety and seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional advisor.

5.2 Risks specific to an investment in the Company

5.2.1 Timing of uptake of products and services

As a result of the significant capital outlay required for large-scale irrigation modernisation projects, the customer decision-making process is typically protracted. Since Rubicon's products, solutions and services are new and untested in some regions, it is common for customers to run several pilots before committing to a large-scale project. As a result, the timing of commitments to take up Rubicon's products, solutions and service is uncertain.

Further, a significant amount of time, energy and financial resources may be concentrated in a region that ultimately does not adopt Rubicon's technology. A delay or failure to take up Rubicon's products, solutions and services in one or more of Rubicon's target markets could have a negative impact on Rubicon's financial performance and growth prospects.

5.2.2 Liability and reputational risk

The provision of products, solutions and services by Rubicon carries with it the risk of liability for injury, damage or losses arising from defects or failures in its hardware or software (including design and manufacturing processes). This includes not only potential repair and/or replacement costs of the Rubicon hardware and software, but also flood damage to channel networks, flood damage to third party properties or consequential loss caused to parties relying on water supply, such as farmers suffering crop damage as a result of water supply disruptions. Because Rubicon is engaged in the manufacture and supply of products in large quantities, spread across large geographical areas often in harsh, hard to reach and OH&S challenged environments, if a component of one of Rubicon's products or a 3rd party sourced component of a Rubicon product is faulty, this may expose Rubicon to substantial recall, repair and/or replacement costs. The occurrence of any of these events may have a negative impact on Rubicon, including financial loss, litigation and damage to Rubicon's reputation.

Even if such an event occurred through no fault or negligence of Rubicon, it is still likely that Rubicon would face reputational damage.

5.2.3 COVID-19 or other public health emergencies

The COVID-19 pandemic has resulted in significant global market volatility and continued economic uncertainty as to the ongoing effects of the pandemic.

Certain jurisdictions where Rubicon operates or which are part of Rubicon's growth strategy continue to be severely impacted by the widespread outbreak of COVID-19, such as Europe, Asia and South America. The full extent of the duration and impact of the COVID-19 outbreak are unknown at this time and will depend on future developments and factors outside of Rubicon's control which are highly uncertain, rapidly evolving and cannot be predicted. The government response to contain or mitigate COVID-19 will vary between countries.

Any developments in relation to the COVID-19 outbreak or future pandemics or public health emergencies may have an adverse effect on Rubicon's staff, customers, suppliers, regulators, business, financial condition, results of operations and prospects, and include disruptions that could:

- (i) prevent one or more of Rubicon's capital growth projects or expansion activities from proceeding, delay its completion or increase its anticipated cost;
- (ii) adversely impact the operations or financial position of Rubicon's third-party suppliers, service providers or customers and increase Rubicon's exposure to contract related risks;
- (iii) restrict the movement of personnel overseas and/or within operational jurisdictions; or
- (iv) adversely impact Rubicon's ability to accurately forecast assumptions used to evaluate development projects and expansion activities.

If any of Rubicon's employees are suspected of contracting COVID-19, this could require Rubicon to quarantine some or all of these employees and sanitise the facilities where that employee was located, which could in turn result in business continuity issues and/or additional costs. There can be no assurances that any precautionary measures taken against infectious diseases would be effective.

Travel restrictions have been put in place as a result of COVID-19. As such, senior management based in Australia are unable to physically travel to other jurisdictions in which Rubicon operates. These travel restrictions may also have an impact on the delivery of products from Rubicon's Australian manufacturing site to other countries. If there is an outbreak of COVID-19 in Shepparton, there will be a material impact on manufacturing as there will likely be closures to facilities and health impacts on employees. COVID-19 or other future public health emergencies may result in a shortage of skilled workers.

5.2.4 Manufacturing disruption

Rubicon manufactures its products in Australia, China and India. This exposes Rubicon to the risk that any unforeseen temporary or permanent cessation of production (due to factors such as COVID-19, fire, natural disaster, Act of God, or force-majeure) at the manufacturing facilities may have a negative impact on the ability of Rubicon to meet contractual delivery commitments.

In addition, Rubicon's manufactured product relies on available supply of input components (for example micro-processors, semi-conductors and electro-mechanical components). Any disruption to these supply chains may impact Rubicon's manufacturing capabilities. Similarly, the disruption to the delivery of manufactured goods from Rubicon's facilities may be affected, including the inability to transport products to customers.

5.2.5 Occupational health and safety

Rubicon is subject to health and safety regimes in Australia and other jurisdictions where it has employees and is required to comply with their respective legislation concerning the protection of the health and welfare of employees, contractors and other parties (including, but not limited to, the public). Rubicon will incur compliance costs related to these obligations, and any failure or lapses in its compliance may result in it being exposed to fines, damages and criminal or civil sanctions. If significant health and safety consequences occur unusually frequently in Rubicon's business or in unusually severe fashions, Rubicon could become subject to additional and unanticipated compliance costs. These may adversely affect Rubicon's operations, reputation, and financial position and/or performance.

5.2.6 Concentrated customer base

62% of Rubicon's revenue for FY20 was derived from the supply of its products, solutions and services to its five largest customers. Further, it is anticipated that in FY21F, 66% of Rubicon's revenue will be from its five largest customers. There is a risk that these customers might use alternative products, solutions or services or that the customers might cancel their modernisation programs with Rubicon.

More generally, Rubicon's key customers are governments and water authorities. This means that Rubicon's customer base may continue to be relatively concentrated and that in the event a customer chooses an alternative product or terminates existing arrangements with Rubicon, there will not be a readily available replacement customer (such as a competitor of the terminating customer) within that region or country. Thus, the loss of any single large customer departure could have a negative impact on Rubicon's financial performance and prospects.

5. Risk factors continued

5.2.7 International market (sovereign) risk

Rubicon has operations and employees that are domiciled in foreign jurisdictions, and has entered (and in the future, may enter) into a number of contractual relations with third parties that are domiciled in foreign jurisdictions. There are a number of other inherent risks with operating abroad, which could adversely affect the financial performance of Rubicon. These include:

- political, social and economic instability;
- difficulties in managing foreign operations;
- potential hostilities and changes in trade or diplomatic relationships;
- war or civil disturbance;
- corruption, nationalisation or expropriation without fair compensation;
- arbitrary cancellation of contract rights;
- restrictive government actions;
- employment disputes;
- changes to laws (including tax laws), duties and regulations; and
- sovereign risks.

5.2.8 Reliance on funding

Rubicon's growth strategy is reliant on governments and water authorities funding irrigation modernisation. As a result, a change in water policy, a reallocation of funding to an alternative water solution or the withdrawal of funding by either governments or regulatory authorities in Rubicon's existing or target markets could have a negative impact on financial performance. In some jurisdictions the financial status of the agricultural sector may impact the ability of some irrigation water authorities and farmers to invest in modernisation solutions.

With regard to government procedure, in some circumstances, the lack of alternative providers of integrated end-to-end irrigation modernisation solutions, such as TCC®, can make it difficult for governments to procure products and services via a competitive tender process.

5.2.9 Key personnel

Rubicon Management has been largely responsible for the development and growth of the business. While Rubicon undertakes succession planning, the departure of any one of the Management team could negatively impact Rubicon's financial performance or growth prospects.

Rubicon's ability to effectively execute its growth strategy depends upon the performance and expertise of key employees, including those with valuable technological skills and specialist knowledge of the Company's underlying products, services and markets in the relevant markets. Rubicon's operations are geographically dispersed which can make the attraction and retention of skilled employees in regional and remote locations a challenge. The departure of certain key employees and any delay to their replacement could hamper the Company's ability to achieve its strategic growth objectives and financial performance goals. As the Company grows, particularly in international markets, it will need to make additional key appointments in those jurisdictions to execute its growth strategy. There is no guarantee that the Company will be able to attract and retain appropriately qualified personnel.

Rubicon also relies on the expertise and continued service of certain key executives but cannot guarantee the retention of such personnel. These key executives possess highly valuable institutional knowledge, without which Rubicon's operations could be negatively affected.

5.2.10 Fluctuations in commodity and foreign exchange markets

Commodities, including aluminium, represent a component of Rubicon's materials cost. Commodity prices are volatile and if they were to increase significantly, a reduction in Rubicon's margins may eventuate, negatively impacting financial performance.

Rubicon is raising funds under the Offer in Australian dollars. Rubicon has, and will continue to expand, into a number of foreign jurisdictions. Therefore, Rubicon's expenditure and revenue will predominantly be made and received in the various jurisdictions and currencies in which Rubicon operates. As a result, Rubicon may be adversely affected by fluctuations in those foreign currencies and the relative Australian dollar exchange rates. Rubicon currently has hedging strategies or policies in place, however, there is no guarantee that such strategy will be effective in reducing the impact of currency fluctuations.

5.2.11 Alternative products or solutions

There are significant capital requirements that are necessary to implement Rubicon's solutions. As such, there is a risk that customers may consider cheaper alternatives. There is a risk that potential customers may elect to adopt a less comprehensive irrigation modernisation solution than that offered by Rubicon in order to reduce the cost of the modernisation project and/or the degree of change to their operational model that would result from the modernisation. Such alternative solutions could include solutions without full automation or near on-demand service or less focus on water savings. Rubicon's financial performance may be negatively impacted if the popularity of an alternative irrigation modernisation solution increases.

Rubicon's financial performance may also be negatively impacted if alternative methods of increasing water supply such as the purchase of water from the irrigation sector without infrastructure upgrades (water buybacks), desalination and water recycling gain further market acceptance.

5.2.12 Competition

Rubicon may lose business to its competitors if it is unable to demonstrate technical competence, competitive pricing and reliable performance to its customers. The market for individual irrigation components is competitive and if Rubicon's competitors aggressively reduce prices, Rubicon may suffer reduced market share or be forced to respond by adopting a range of competitive strategies.

While Rubicon does not currently face significant direct competition in the market for large integrated open channel irrigation modernisation solutions, there is a risk that existing or new component-based competitors will seek to enter this segment of the market, or an existing competitor or competitors in smaller-scale channel automation may develop a competitive solution. The entry of new competitors could lead to Rubicon suffering reduced market share or adopting a range of competitive strategies, which could have a negative impact on Rubicon's financial performance.

5.2.13 Inability to execute growth strategy

Rubicon's growth strategy includes expanding the geographic area of its operations and the introduction of new products and solutions. There is a risk that these strategies may not be successful and may negatively impact Rubicon's financial performance.

Global growth will require increased personnel and may require new infrastructure such as regional offices, manufacturing facilities and supporting systems. This may lead to an increase in overhead costs without associated revenue increases. Rubicon also plans to develop and execute new products and solutions. There is a risk that these new products or solutions may be unsuccessful.

Should attempts at global expansion or new product releases prove unsuccessful, Rubicon's branding and profitability may be negatively impacted.

5.2.14 Intellectual property

Rubicon relies heavily on its intellectual property and software technology. Rubicon has patent coverage on many aspects of its hardware, algorithms and software design and owns certain copyrights and trademarks in its business however, those protections can expire and not be replaced on the same terms. Even though these protections are in place currently, there can be no guarantee that unauthorised use or copying of Rubicon's software or branding will be prevented, particularly as Rubicon expands into countries where intellectual property laws are lenient or difficult to enforce or when intellectual property rights expire. Breach of Rubicon's intellectual property rights may result in the need for it to commence legal action, such as infringement or administrative proceedings, which could be costly, time consuming and potentially difficult to enforce in certain jurisdictions. The results of any enforcement action may prove unfavourable to Rubicon.

Although an issued patent is presumed valid and enforceable, its issuance is not conclusive as to its validity or its enforceability and it may not provide Rubicon with adequate proprietary protection or competitive advantage against competitors with similar products. The granting of a patent does not guarantee that competitors will not develop competing intellectual property that misappropriates, circumvents or works around the patent. Rubicon's competitors may have applied for or obtained, or may in the future apply for and obtain, patents that will prevent, limit or otherwise interfere with Rubicon's ability to make, use and sell its products.

There is a risk that Rubicon's intellectual property rights are lost in a particular jurisdiction if Rubicon fails to comply with a condition of its licence, it fails to pay any necessary fees to the relevant authorities or new employees develop intellectual property rights that are not sufficiently protected.

5. Risk factors continued

Rubicon does not believe it is currently infringing on any third-party's intellectual property rights however there is a risk that it may be subjected to infringement claims or litigation arising out of patents and pending applications for proceedings initiated by third parties or intellectual property regulators. The defence of intellectual property rights, lawsuits, proceedings and related legal and administrative proceedings are costly and time-consuming to pursue, and their outcome is uncertain. If Rubicon infringes the rights of third parties, Rubicon could be prevented from selling its products and be forced to defend litigation proceedings and pay damages. Further, there is a risk of third parties claiming involvement in, or ownership of, Rubicon's intellectual property. These third parties could potentially include former employees and contractors of Rubicon or unrelated third parties who have developed products similar to Rubicon. In such circumstances, Rubicon may incur significant expenses to address, defend or settle any claims. This could have an adverse impact on Rubicon's operations, reputation and financial performance.

5.2.15 Reliance on key relationships

Rubicon builds awareness of its capabilities and solutions and in-turn develops relationships with major institutions in key markets. The loss or deterioration of key relationships may negatively impact Rubicon's growth prospects.

Rubicon relies on a number of suppliers to provide key inputs for its products. If single-source suppliers become unable or unwilling to supply these key products, Rubicon may fail to complete current contracts and have difficulty winning new contracts until it secures alternative sources of supply. This would have a negative impact on Rubicon's financial performance.

5.2.16 Supply and logistics

Rubicon is heavily reliant on freight logistics including air, sea and land for the inbound delivery of materials and outbound distribution of goods to customers. There is a risk of disruption to logistics including due to the impacts of COVID-19, fire, natural disaster, Act of God, or force-majeure, which would have an impact on Rubicon's ability to deliver on its current contracts and any future new contracts in regions which may be affected.

5.2.17 Working capital

Rubicon's customers comprise governments and water authorities. Contracts with these customers are structured to be paid in instalments. There is a risk that these payment instalments may be delayed or not paid at all as a result of bureaucratic processes in government agencies delaying the release of funds, funds being paid to third-party joint venture partners and delayed release to Rubicon or disagreements with customers over the completion of contract milestones that release payment.

If such payments are delayed or not paid at all, there will be severe impacts on Rubicon's working capital and ability to pay its debts as they fall due. Rubicon may default on its financial covenants which may increase the cost of debt, result in penalties for Rubicon and which could impact Rubicon's ability to obtain future funding. The inability to obtain future funding may impact Rubicon's ability to achieve its growth prospects.

5.2.18 Joint venture risk

Rubicon holds a number of interests in companies together with joint venture partners through equity or other joint ventures, particularly in key growth jurisdictions India and China. Certain decisions require approval of the other shareholders of the joint venture or their representatives. Therefore, irrespective of Rubicon's proportional interest in the joint venture, Rubicon may not be able to unilaterally control all decision-making processes of a joint venture. The joint venture partners in these projects may have economic or business interests or objectives that are different to those of Rubicon, may be unable or unwilling to fulfil their obligations under the relevant joint venture contracts or may experience financial or other difficulties, which may threaten the viability of the joint venture or cause Rubicon to incur additional costs. Rubicon's joint venture partners may act fraudulently or may impeach Rubicon's intellectual property rights. There is a risk that Rubicon's economic ownership in any of its joint venture legal entities may be reduced, for example, in the circumstances described in section 9.7.2 or if it has not negotiated adequate contractual protections. In addition, Rubicon's reputation and its relationships with governments and other stakeholders may be adversely affected through association with a partner that has engaged in misconduct or has been negligent in connection with a project. These risks could disrupt the operations of the joint venture and negatively impact Rubicon's investment in, and returns from, the joint venture. This may adversely affect Rubicon's financial position and/or performance.

5.2.19 Litigation risk

Rubicon is exposed to possible litigation risks including commercial claims, contractual disputes, customer claims, intellectual property claims, occupational health and safety claims, employee claims, public liability claims, environmental claims and prosecutions and regulatory disputes. These claims may arise from failure to achieve a performance warranty, breach of contract, damages for loss (including as a result of failure of gates or software resulting in damage to third-party property if not contractually protected against). Any claim or dispute, if proven, may impact adversely on Rubicon's operations, financial performance and financial position. Even if Rubicon is ultimately successful in defending claims against it (or in pursuing claims made by it), reputational harm may be inflicted, and substantial legal and associated costs may be incurred that may not be recoverable from other parties.

5.2.20 Fraud and internal control risk

Rubicon is exposed to risk of internal fraud due to actions by employees either as an individual or acting in connection with third parties, including its joint venture partners. Such internal fraud can arise where Rubicon has not adequately separated certain key functions, established robust supervisory processes or created and enforced internal policies and procedures to identify and minimise the impact of fraud. Further, there can be no assurance that any policy, procedure or action taken by Rubicon can detect or prevent the incidence of fraud. Failures of internal controls, or the incidence of fraud generally can result in damage to Rubicon's reputation and result in financial loss.

5.2.21 Cyber-security and data privacy

Rubicon's operations rely on a number of information technology systems, applications and business processes utilised in the delivery of its business functions. Rubicon's operating businesses depend on computer systems and network infrastructure. System interruptions may occur due to, but not limited to the replacement of systems, equipment failure, human error, natural disasters, sabotage (including cyber-attacks) and power outages. Although Rubicon devotes efforts to maintaining and improving its IT systems, applications and business processes, Rubicon cannot guarantee that its IT systems, applications and business processes will be fully effective, that its security measures can provide absolute security or that it will be able to identify or remediate risks or issues with its IT systems, applications and business processes effectively or in a timely manner. In particular, Rubicon's technologies, systems and networks have been subject to, and/or may continue to be the target of, cyberattacks, computer viruses, malicious code, phishing attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of Rubicon, its employees or customers, or otherwise disrupt Rubicon or its customers' or other third-parties' business operations. Although to date Rubicon has not experienced any material losses relating to cyberattacks or other information security breaches, there can be no assurance that Rubicon will not suffer such losses in the future.

5.2.22 Climate change and weather events

Rubicon's business may be adversely impacted by climate change and other environmental changes. Climate change and the corresponding increase in the likelihood of adverse weather and climactic conditions such as floods, droughts, fires, heatwaves and monsoons may have an adverse impact on Rubicon by causing increased costs, disruption to manufacturing and supply chain operations, damage to Rubicon's inventory and impacts on Rubicon's customers, among other things. In the case of this occurring, Rubicon's financial and/or operational performance may be negatively impacted. However, the impact of climate change also has an impact on water scarcity which, in general, has positive impact on demand for Rubicon's solutions.

The Company has considered the impact of climate change generally on the potential demand for its products in the future. If there is government intervention to circumvent the impacts of climate change, this may have an adverse impact on the demand for Rubicon's products and services.

The installation and maintenance of Rubicon's products are subject to weather events. In the event that there is an adverse weather event or, for example, an early or prolonged wet season, this may shorten an already short delivery window, cause damage to Rubicon's products or delay their installation or repair and this may have an adverse effect on Rubicon's business operations.

5. Risk factors continued

5.2.23 Technological obsolescence

Rubicon's future success will in part depend on its ability to continue to sell its products and systems and offer its services that remain current with irrigation modernisation needs. There may be changes in technology, industry standards and customer requirements that Rubicon may not be successful in addressing in a timely manner.

New products or technologies developed by third parties may supersede Rubicon's product offering. Although Rubicon has dedicated resources to develop its technology and product to maintain its competitive position, should new or existing competitors develop products or technologies that match or supersede Rubicon's current product offering, there is a risk that Rubicon will lose existing, or fail to ascertain new customers and experience damage to Rubicon's reputation.

5.2.24 Licensing and regulation

While Rubicon does not require a licence to operate its core business of gates and operating systems, Rubicon does have constraints regarding its business in certain jurisdictions. If a regulator prosecutes Rubicon for a breach of regulations in a particular jurisdiction, this could result in loss of business, increased costs, inability to operate in that jurisdiction and reputational damage.

There is a risk that regulations in any jurisdiction can change which will result in a material increase in costs for Rubicon. There is a risk that Rubicon's employees do not keep up with updates to regulations resulting in a breach in the relevant jurisdiction. When new regulatory and legal frameworks are introduced, there is a risk that the regulations have unintended consequences or are open to interpretation that increases the risk of non-compliance. Further, interpretation of regulations may change over time. This may have an impact on Rubicon's growth strategy or its ability to service its existing contracts. There is a risk that Rubicon will not always be in compliance with all applicable laws, which may result in significantly increased compliance costs, cessation of certain of business activities or the ability to conduct business. Further, there may be regulatory enquiry or investigation resulting in financial loss and significant reputational damage.

5.2.25 Counterparty risk

Rubicon has a number of commercial agreements and arrangements with third-parties, including customers and suppliers, and will enter into a number of further agreements and arrangements with others in order to meet its growth strategy. Third-parties that Rubicon requires to contract with to achieve its growth may fail financially, default or not comply with any such contract and they may fail to comply with relevant laws and regulations which may have a negative impact on the operations and financial performance of Rubicon. It is not possible for Rubicon to predict or protect itself against all risks.

5.2.26 Financial information and basis of forecasts

Forward-looking statements, opinions and estimates provided by Rubicon in this Prospectus rely on various contingencies and assumptions made by management. While forecasts have been carefully prepared by management, there are several factors and risks, both known and unknown, of which many are outside the control of Rubicon, which may impact Rubicon's performance and cause actual results to deviate from forecasts, with any deviation potentially being materially positive or negative. While Rubicon's management have endeavoured to make forecasts that are as accurate as possible, there is no guarantee that Rubicon will achieve its stated objectives or that any forward-looking statements or forecasts outlined in the Prospectus will eventuate.

5.2.27 Reliance on core information technology and other systems

A continual challenge of Rubicon is to keep its underlying technology platforms up to date and supported. Currently, some of Rubicon's software functionality is presented by aging user interfaces and some older Rubicon software are built using frameworks which are nearing or at end-of-life.

Staff, factory devices and services are sometimes coupled to aging computing infrastructure (such as personal computers, printers, servers, networks, switches etc.) requiring ongoing investment.

5.2.28 Contracts

There are a number of risks associated with Rubicon's supplier and customer contracts, including the risk that those contracts are lost or impaired, or renewed on less favourable terms. Some of Rubicon's contracts may be terminated without cause and, although the relevant parties may wish to operate on existing commercial terms, some of Rubicon's contracts may expire. Rubicon has contracts that contain change of control provisions which will be triggered by the Offer. In the event that consent to the change of control is not obtained from the relevant counterparty, there is a risk that the contract could be terminated, and this could materially affect Rubicon's business, operating and financial performance. A loss in Rubicon's contracts could have a materially adverse effect on Rubicon's business, operating and financial performance.

5.3 General investment risks

5.3.1 Exposure to general economic and financial market conditions

Once Rubicon becomes a publicly listed company on the ASX, it will be subject to the general market risk that is inherent in all securities traded on a stock exchange. This may result in fluctuations in the Share price that are not explained by Rubicon's fundamental operations and activities. There is no guarantee that the price of the Shares will increase following quotation on ASX or that an active trading market will develop in Shares.

Some of the factors which may adversely impact the price of the Shares include:

- general market conditions, including investor sentiment;
- general economic conditions including interest rates, and exchange rates, changes to government fiscal, monetary or regulatory policies and settings;
- changes in government or ASX regulation or policies;
- actual or anticipated fluctuations in Rubicon's financial performance and those of other public companies in its sector;
- changes in accounting principles;
- inclusion in or removal from market indices; and
- general operational and business risks.

Deterioration in general economic conditions may adversely impact on Rubicon's business operations and the price of the Shares after Listing as well as Rubicon's ability to pay dividends and the consequent returns from an investment in Shares. As a result, Rubicon is unable to forecast the market price for Shares and they may trade on the ASX at a price that is below the Offer Price.

5.3.2 Trading and liquidity in Shares

Prior to the Offer, there has been no public market in the Shares. The Shares will only be listed on the ASX and will not be listed for trading on any other securities exchange in Australia or elsewhere. There can be no guarantee that an active trading market for Shares will develop or that the market price of Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares. Furthermore, the market price for Shares may fall or be made more volatile because of the relatively low volume of trading in Rubicon's securities. When trading volume is low, significant price movement can be caused by trading a relatively small number of Shares. If illiquidity arises, there is a real risk that security holders will be unable to realise their investment in Rubicon.

Further, following Completion, it is expected that the Existing Shareholders will hold up to 74.7% of the Shares, which may also impact liquidity. The Existing Shareholders will enter into voluntary escrow arrangements in relation to their retained Shares as described in Section 7.9 and Section 9.7.2.4. The absence of any sale of Shares by these Existing Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for Shares.

Following release from escrow, Shares held by the Existing Shareholders will be able to be freely traded on the ASX. A significant sale of Shares by the Existing Shareholders, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares. The interests of the Existing Shareholders may be different from the interests of investors who acquire Shares in the Offer.

5.3.3 No dividend or other distribution in the near term

The Directors do not in the near future intend to pay profits of Rubicon out in the form of dividends or other distributions but will instead reinvest those amounts into development of the business and to execute Rubicon's growth strategies. Accordingly, any investment in the Shares may not carry with it income returns in the form of dividends or other distributions and any returns will be limited to any capital growth arising from any increase in the price of the Shares.

5. Risk factors continued

5.3.4 Exposure to changes in tax rules or their interpretation

Tax laws in Australia are complex and are subject to change periodically, as is their interpretation by the courts and the tax revenue authorities. Significant reforms and current proposals for further reforms to Australia's tax laws, as well as new and evolving interpretations of existing laws, give rise to uncertainty. The precise scope of many of the new and proposed tax laws is not yet known. Any change to the taxation of shares (including the taxation of dividends) and the taxation of companies (including the existing rate of company income tax) may adversely impact on Shareholder returns, as they may cause a change to the tax payable by Shareholders in general. Any other changes to Australian tax law and practice that impact Rubicon, or Rubicon's industry generally, could also have an adverse effect on Shareholder returns. Any past or future interpretation of the taxation laws by Rubicon that is contrary to that of a revenue authority in Australia may give rise to additional tax payable. In order to minimise this risk, in areas of uncertainty, Rubicon obtains external expert advice on the application of the tax laws to its operations (as applicable); however, there is no certainty that the interpretations of tax revenue authorities will accord with that advice.

5.3.5 Force majeure events

Events may occur within or outside Australia that could impact upon the global, Australian and other local economies, the operations of Rubicon and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, water contamination, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for Rubicon's products and services and its ability to conduct business. Rubicon has only a limited ability to insure against some of these risks.

5.3.6 Accounting Standards

Australian Accounting Standards are set by the AASB and are outside the control of Rubicon and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect future measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables and lease obligations. There is also a risk that interpretation of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables, may differ. Changes to the Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the reported financial performance and position of Rubicon.

5.3.7 Shareholder dilution

In the future, Rubicon may elect to issue Shares to raise further funding. While Rubicon will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings and Shareholders may experience a loss in value of their equity as a result of such issues of shares and fundraisings.







6. Key individuals, interests and benefits



6. Key individuals, interests and benefits

6.1 Board of Directors

The Directors bring to the Board relevant experience and skills, including sector and business knowledge, financial management and corporate governance experience. Profiles of each member of the Board are set out in the table below.

Director	Experience and background
 <p>Gordon Dickinson <i>Non-Independent Chairman</i></p>	<p>Gordon has over two decades of experience in the financial services industry. His experience includes 10 years at UBS, where he held the position of CEO and Chairman of UBS in Australia and New Zealand.</p> <p>Gordon was awarded the Centenary Medal by the Federal Government in 2001 for services to the financial services industry. He currently runs a family farming business and is the Deputy Chair of the Australian Wool Testing Authority.</p> <p>Gordon has been a shareholder and director of Rubicon since 2003.</p> <p>Gordon holds an Advanced Diploma in Farm Management.</p>
 <p>Bruce Rodgers <i>Chief Executive Officer</i></p>	<p>Bruce is a founding director and current CEO of Rubicon. Previously, as Operations Manager Bruce was responsible for the establishment of Rubicon's manufacturing and project delivery business units. He also had a significant role as part of Rubicon's marketing and business development team and managed Rubicon's R&D programs.</p> <p>In 2010, Bruce took over from founding Chief Executive David Aughton to lead Rubicon through its next stage of growth. Prior to the establishment of Rubicon in 1995, Bruce spent six years with the Victorian Rural Water Corporation.</p> <p>Bruce has a degree in Civil Engineering from RMIT.</p>
 <p>David Aughton <i>Executive Director</i></p>	<p>David has more than 30 years' experience in water irrigation and has been instrumental in bringing reform to the industry, particularly in the area of operations. He was Rubicon's Managing Director from when it was founded in 1995 until 2010.</p> <p>Prior to this David held senior executive roles with the Rural Water Corporation in Victoria.</p> <p>David is currently an executive director with Rubicon with responsibilities for business development, strategy and R&D.</p> <p>David has a degree in Agricultural Engineering (Hons) from the University of Melbourne.</p>
 <p>Lynda O'Grady <i>Independent Non-Executive Director</i></p>	<p>Lynda has 30 years' experience in IT, telecommunications and media.</p> <p>Her executive career included roles at Telstra at the Executive/Managing Director level including as Chief of Product; Commercial Director of Australian Consolidated Press, the publishing subsidiary of PBL and General Manager of Alcatel Australia. Lynda served as the inaugural Chairman of the Aged Care Financing Authority and on the board of National Electronic Health Authority.</p> <p>Currently, Lynda is a non-executive director of Domino's Pizza Enterprises, Wagners Holding Ltd and is a director of Avant Mutual Group and its subsidiaries.</p> <p>Lynda has a Bachelor Commerce (Hons) from the University of Queensland and is a Fellow of the Australian Institute of Company Directors.</p>

Director

Experience and background



Iven Mareels

*Independent
Non-Executive
Director*

Iven Mareels is Director of the Centre of Applied Research, IBM (A/NZ) and honorary Professor at the University of Melbourne. Previously he was Director (IBM Research in Australia) 2018-2020 and Dean of the Faculty of Engineering and IT at the University of Melbourne 2007-2018.

He is a Fellow of Engineers Australia (EngExec, NER, CPEng), the Institute of Electrical and Electronic Engineers (IEEE, USA), the Federation of Automatic Control (IFAC, Austria) and a Fellow of the Australian Academy of Technology and Engineering – which he also serves as Director/Vice-President Audit & Risk, and a Foreign Fellow of the Royal Flemish Academy of Belgium for Science and the Arts (KVAB, Belgium).

Iven has published widely, he has co-authored over 500 refereed publications, and is a co-inventor on some of the key patents that underpin Rubicon's unique water management technology.

Iven obtained the ir (equivalent to BEME) in Electro-Mechanical Engineering from the University of Gent, Gent Belgium in 1982 and the PhD in Systems Engineering from the Australian National University in 1987.



Tony Morganti

*Independent
Non-Executive
Director*

Tony has 30 years' experience as a professional advisor in tax and M&A transactions and was previously a corporate tax partner at KPMG for 20 years, specialising in the agribusiness, telecommunications, media and mining industries.

Tony is currently the Chief Financial Officer of GS1 Australia Pty Ltd. Tony is a Fellow of the Chartered Accountants Australia & New Zealand, a Chartered tax advisor and admitted as a lawyer of the Supreme Court of Victoria.

Tony has a Bachelor of Business (Accounting) degree, Victoria University and a Master of Laws (Juris Doctor), Monash University.

The composition of the Board committees and a summary of its key corporate governance policies are set out in Sections 6.8 and 6.9.

Each Director above has confirmed to the Company that they anticipate being able to perform their duties as a non-executive director or executive director, as the case may be, without constraint having regard to their other commitments.

6.2 Executive management

Profiles of the key members of the Company's executive management team are set out in the table below.

Executive

Experience and background



Bruce Rodgerson

Chief Executive Officer

As above.

6. Key individuals, interests and benefits continued

Executive

Experience and background



Jason York
Chief Financial Officer

Jason has over 20 years' experience in chartered accounting and corporate finance. He has led the finance function in both small and large multinationals, where he has successfully driven global expansion through the establishment and implementation of forecasting strategies, corporate structures and the re-engineering of integral internal processes. Prior to joining Rubicon, Jason held the role of Vice President Finance (APAC) for ConvaTec, a global medical products company. Jason is a Chartered Accountant and holds a Bachelor of Commerce from the University of Canterbury in New Zealand.



Les Ganci
*General Manager
– Commercial
Operations*

Les leads Rubicon's sales, marketing and project delivery functions within Australia and internationally. He is focussed on developing and implementing strategies that drive company-wide growth. Les moved into the role after six years as Rubicon's CFO. Prior to joining Rubicon in 2010, Les held positions as European Financial Controller for NASDAQ-listed Primus Telecommunications and as Manager, General Accounting for Fosters Group. Les has a Bachelor of Business from RMIT.



Dr Paul Spooner
*General Manager
– Design and
Production*

As General Manager of Design and Production, Paul leads Rubicon's Engineering and R&D teams, Quality Assurance, Manufacturing and Supply Chain functions. Paul is an experienced and strategically-driven senior manager, with a history of delivering sustained measurable value in start-up and mature businesses across multiple industries. Paul has an extensive background in both commercial and technical disciplines, having previously worked with Bosch, Frontline Australasia and Solar Systems in general management, technical and operational leadership roles. He has a PhD in Electrical and Electronic Engineering and attended Harvard Business School Boston in their Program for Leadership Development.



Dr Jason Grant
*General Manager
– Software and IT*

Jason leads Software and IT at Rubicon, and is busy transforming people, process, & technology.

Previously, as Chief Architect at Agentis, he commercialised technology from the Australian Artificial Intelligence Institute towards packaging and logistics. The AI used to coordinate booster rockets on the space shuttle was also sold to DHL. As CTO at Utiba, Jason developed a payment platform that processed 38 billion global transactions p/a. As Head of Engineering at Amdocs, Jason led a 230-person team who pioneered cloud-based SaaS solutions and DevOps. In overseeing a \$5M p/a R&D budget, Jason defined new product lines and ultimately transformed a business unit from 38% loss to 18% profit in 12 months. Jason has delivered his solutions to over 600M subscribers, notably operating a tier-1 commodity application at 83% EBIT and US\$24M revenue.

Jason holds a PhD in physics and has written software used at supercollider facilities and nuclear reactors. He has studied CIO management at Carnegie Mellon (Washington DC), and his awards and publications are detailed on his LinkedIn page, and he is proud to still be active as hands-on software engineer.

Executive

Experience and background



Matt Ryan

*General Manager
(Technical Services)*

Matt is a founding Rubicon staff member and has 29 years' experience in the water industry in both the urban and rural sectors. As General Manager of the Technical Services group, Matt leads a multidisciplinary team of specialists who provide technical support in the areas of solution development and design, control engineering, wireless data communications engineering and project management to the entire Rubicon business.

Matt has a Bachelor of Civil Engineering from RMIT.



Caroline Sabolek

*General Manager
(Human Resources)*

Caroline has more than 20 years' experience in developing and implementing human resource strategies to build rigorous processes and high-performing workplace cultures. She has extensive experience in working with blue and white-collar workforces within Australia and across Asia Pacific, having previously worked for ConvaTec, Future Fund and Becton Property Group. Caroline has a Bachelor of Applied Science and a Master of Business (Human Resource Management).

6.3 Interests and benefits

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company or SaleCo;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer, holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:
 - the formation or promotion of the Company;
 - property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or
 - the Offer,

and other than as set out in Section 6.3.2.3 below, no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of the Company or SaleCo.

6. Key individuals, interests and benefits continued

6.3.1 Interests of advisers

The Company has engaged the following professional advisers in relation to the Offer:

- Bell Potter Securities Limited has acted as Lead Manager to the Offer and the fees payable to the Lead Manager pursuant to the Underwriting Agreement are described in Section 9.6;
- Gilbert + Tobin has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately \$700,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Gilbert + Tobin in accordance with its normal time-based charges;
- Deloitte Corporate Finance Pty Limited has acted as the Investigating Accountant in connection with the Offer and has performed work in relation to the Investigating Accountant's Report. The Company has paid, or agreed to pay, approximately \$256,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Deloitte Corporate Finance Pty Limited in accordance with its normal time-based charges;
- KPMG has acted as the Australian taxation adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately \$105,000 (excluding disbursements and GST) for these services up and until the Prospectus Date. Further amounts may be paid to KPMG in accordance with its normal time-based charges; and
- Flagstaff Partners has acted as the Australian financial adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately \$990,000 (excluding disbursements and GST) for these services up and until the Prospectus Date.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.2. The Company is responsible for all of the costs of the Offer, which will be paid out of the Offer proceeds.

6.3.2 Directors' interests and remuneration

6.3.2.1 Chief Executive Officer

Bruce Rodgers is employed as Chief Executive Officer. See Section 6.4 for further details.

6.3.2.2 Non-Executive Directors' appointment letters

Prior to the Prospectus Date, each of the Non-Executive Directors has entered into appointment letters with the Company, confirming the terms of the appointments, their roles and responsibilities and the Company expectations of them as Directors.

6.3.2.3 Non-Executive Directors remuneration

Under the Constitution, the Company in general meeting may determine the maximum aggregate remuneration to be provided to or for the benefit of the Non-Executive Directors as remuneration for their services as a Director. Further, under the ASX Listing Rules, the total amount of directors fees paid to the Directors (subject to certain exceptions) must not exceed in aggregate in any financial year the amount fixed by the Company's members in general meeting.

Initially, and until a different amount is determined, the maximum aggregate Directors' remuneration for the purposes of the ASX Listing Rules and the Constitution is \$850,000 per annum.

This amount excludes, among other things, amounts payable to any executive Director under any executive services agreement with the Group or any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Company, as well as any securities issued to Directors (or which are intended to be issued to Directors) as disclosed in this Prospectus, or which are issued to a Non-Executive Director under ASX Listing Rule 10.11 or 10.14 with the approval of Shareholders.

The Company has agreed to pay Tony Morganti \$4,000 for the provision by him of tax services related to the Offer.

The following annual base fees are payable to Directors (with effect from Completion).

Director fees	\$
Chairman	\$100,000
Non-Executive Director	\$90,000

In addition to the base fee set out above, each Non-Executive Director was or will be paid an amount equal to the equivalent of the monthly amount of the annual fee for the period from the date that the Non-Executive was engaged by the Company until Completion of the Offer (reduced pro rata in respect of any partial month and less any applicable tax) (**Pre-IPO Fee**). The Pre-IPO Fee was paid in consideration for services provided by these Non-Executive Directors in preparation for the Offer.

The following annual committee fees are payable to the Chairman of the Audit Committee and Remuneration and Nomination Committee (with effect from Completion).

Committee fees	Chairman fee (\$)
Audit Committee	\$10,000
Remuneration & Nomination Committee	\$10,000

Each other member of a Board committee is entitled to receive fees of \$10,000 per annum.

All Directors' fees include superannuation payments required by law to be made.

Bruce Rodgers and David Aughton do not receive any fees in their capacity as a Director.

6.3.2.4 Deeds of access, insurance and indemnity

The Company has entered into a deed of access, indemnity and insurance with each Director. Each deed contains the Director's right of access to certain books and records of the Company or Group Company for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven year period expires.

Pursuant to the Constitution, the Company must indemnify all Directors, executive officers and other officers, past and present, against all liabilities incurred as an officer of the Company or Group Company to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company indemnifies each Director against any liability that may arise from their position as an officer of the Company or Group Company, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must maintain such insurance for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

In this summary, "Group Company" means the Company, a subsidiary of the Company, any companies which are 50% or more owned directly or indirectly by any other Group Company, or any partnership or unincorporated joint venture in which any Group Company or a related body corporate of the Company has an interest of 50% or more.

6. Key individuals, interests and benefits continued

6.3.2.5 Directors' interests in Shares

The Directors are not required by the Constitution to hold any Shares, but are entitled to participate in the Broker Firm Offer, and the Priority Offer.

The Directors' (and their associates') interests in Shares in the Company as at the Prospectus Date and as at Completion are set out in the table below:

Director*	Interests held at the Prospectus Date		Interests held at Completion	
	Shares	Shares %	Shares	Shares %
Gordon Dickinson , (Chairman)	22.2	16.9%	22.2	12.9%
Bruce Rodgerson , (CEO)	16.4	12.5%	16.4	9.5%
David Aughton , (Executive Director)	19.8	15.1%	19.8	11.5%
Lynda O'Grady , (NED)	0	0%	0	0%
Iven Mareels , (NED)	0	0%	0	0%
Tony Morganti , (NED)	0	0%	0	0%

Includes Shares held by closely related parties.

Note: As described in paragraph 9.4, Rubicon is undertaking a corporate restructure in accordance with an Implementation Deed under which the shareholders of Rubicon Systems (Holdings) transferred their shares in Rubicon Systems (Holdings), being a total of 100,000,100 shares, in exchange for 131,123,104 shares in the Company. Each Shareholder's proportionate interest in Rubicon was not altered as a result of the actions set out in the Implementation Deed. For ease of reference and consistency, the number of Shares set out in this Prospectus assumes that the Implementation Deed becomes unconditional, which will be the case if Settlement occurs under the Underwriting Agreement and the Underwriting Agreement has not been terminated by 9.00am on the day after the close of the Offer.

Certain shareholders including Bruce Rodgerson and associated entities and David Aughton and associated entities entered into contractual rights under the various restructure agreements with Rubicon Systems (Holdings). For ease of reference and consistency, the Shares held at the Prospectus Date assume that the shares under contractual rights have been transferred.

This table includes Shares purchased by the Directors (or their associated entities) in the Offer. Directors may hold their interests in Shares shown above directly or indirectly through holdings by companies or trusts.

6.4 Executive remuneration

The key management personnel of the Company are Bruce Rodgerson (Chief Executive Officer) and Jason York (Chief Financial Officer). Their employment arrangements are set out below.

6.4.1 Chief Executive Officer

Term	Description
Employer	Rubicon Water Limited (ACN 651 852 470)
Fixed annual remuneration	\$269,951 per annum (exclusive of statutory superannuation contributions)
Short term incentive (STI)	Mr Rodgerson is entitled to receive a bonus of 40% of his gross remuneration, subject to satisfactory completion of agreed KPIs.
Long term incentive (LTI)	Mr Rodgerson is entitled to participate in the employee equity incentive plan (Incentive Plan) described in Section 6.5.
Other benefits	Mr Rodgerson receives a \$25,000 car allowance.

Term	Description
Notice period, termination and termination payments	<p>Under Mr Rodgerson's employment contract, either he or the Company may terminate his employment by giving the other party six months' notice (or by the Company making payment in lieu of notice of part of or all of the notice period).</p> <p>The Company may summarily terminate his employment contract in certain circumstances, without notice or payment in lieu of notice, for conduct which in the reasonable opinion of the Company, warrants summary dismissal including where he engages in serious misconduct, including an act of theft or dishonesty, negligence, breach of confidentiality, or conduct that causes risk to the Company's reputation, viability or profitability.</p>
Non-solicitation/ restrictions of future activities	<p>Mr Rodgerson's employment contract contains post-employment restraints, including:</p> <ul style="list-style-type: none"> • non-competition restraints, which purport to operate worldwide; • restrictions against soliciting, approaching or accepting any work from a client or customer of Rubicon with whom Mr Rodgerson has had direct contact with in the preceding 6 months prior to the termination of his employment; and • restrictions against soliciting any person who was or is an employee of Rubicon at any time in the preceding 6 months. <p>The restrictions above purport to operate for up to 12 months post-employment.</p> <p>The enforceability of these restraints is subject to all usual legal requirements.</p>

6.4.2 Chief Financial Officer

Term	Description
Employer	Rubicon Systems Australia Pty Ltd (ACN 069 232 284)
Fixed annual remuneration	\$270,000 per annum (exclusive of statutory superannuation contributions)
Short term incentive (STI)	Mr York is entitled to receive a bonus of 20% of his gross remuneration, subject to satisfactory completion of agreed KPIs.
Long term incentive (LTI)	Mr York is entitled to participate in the Incentive Plan as described in 6.5.
Other benefits	N/A
Notice period, termination and termination payments	<p>Under Mr York's employment contract, either he or the Company may terminate his employment by giving the other party three months' notice (or by the Company making payment in lieu of notice of part of or all of the notice period).</p> <p>The Company may summarily terminate his employment contract in certain circumstances, without notice or payment in lieu of notice, for conduct which in the reasonable opinion of the Company, warrants summary dismissal including where he engages in serious misconduct, including an act of theft or dishonesty, negligence, breach of confidentiality, or conduct that causes risk to the Company's reputation, viability or profitability.</p>

6. Key individuals, interests and benefits continued

Non-solicitation/ restrictions of future activities

Mr York's employment contract contains post-employment restraints, including:

- non-competition restraints, which purport to operate worldwide;
- restrictions against soliciting, approaching or accepting any work from a client or customer of Rubicon with whom Mr Rodgerson has had direct contact with in the preceding 6 months prior to the termination of his employment; and
- restrictions against soliciting any person who was or is an employee of Rubicon at any time in the preceding 6 months.

The restrictions above purport to operate for up to 3 months post-employment.

The enforceability of these restraints is subject to all usual legal requirements.

6.5 Equity-based remuneration arrangements

The Company has established an employee equity incentive plan (**Incentive Plan**), details of which are set out below. The Incentive Plan is intended to assist in the motivation, retention and reward of certain employees engaged by the Group (**Participants**). The Incentive Plan is also designed to align the interests of Participants more closely with the interests of Shareholders.

A summary of the grants that will be made under the Incentive Plan at the time of Completion, and the eligible Participants, is included in the table below.

The Board may determine to make further grants under the Incentive Plan in future years, at its discretion.

Grants under the Incentive Plan	Eligible Participants
CEO Share Grant	Certain key employees
Performance Rights Grant	The CEO and his direct reports (Executive Team) and any other individuals that the Board determines

6.5.1 Summary of the Incentive Plan Rules

The CEO Share Grant and the Performance Rights Grant will be issued under umbrella long term incentive plans adopted by the Company (**Incentive Plan Rules**). The Incentive Plan Rules have the key features set out in the table below.

Notwithstanding that the Incentive Plan Rules provide flexibility for the issue of Performance Rights, Options or Shares, at Completion, only Shares and Performance Rights will be awarded under the CEO Share Grant and the Performance Rights Grant, respectively.

Term	Description
Eligibility	Offers may be made at the Company's discretion to employees (including an Executive Director), contractors, casual employees, officers or any other person the Company may determine to be eligible to receive a grant under the Incentive Plan Rules.
Vesting	<p>Vesting of any Performance Rights, Options or Shares issued under the Incentive Plan Rules to each Participant is subject to vesting or performance conditions specified in the offer document for each grant, and determined by the Company.</p> <p>Subject to the Incentive Plan Rules and the terms of an offer document, an offer of Performance Rights, Options or Shares may lapse or be forfeited if such performance or vesting conditions are not satisfied.</p> <p>A Participant is required to pay any exercise price applicable on the exercise of an Option.</p>

For personal use only

Term	Description
Types of securities	<p>The Company may grant Performance Rights, Options and/or Shares as incentives, subject to the terms and conditions of each individual offer.</p> <ul style="list-style-type: none"> • A holder of a Performance Right will be entitled to receive Shares subject to the satisfaction of applicable performance and vesting conditions (if applicable). • A holder of an Option will be entitled to receive Shares upon satisfaction of applicable conditions and payment of an exercise price (determined at the time of being granted). • Shares offered may be subject to dealing restrictions, vesting conditions or other restrictions or conditions. <p>Unless otherwise specified in an offer document, the Company has the discretion to settle any Performance Rights or Options with a cash equivalent payment.</p>
Offers under the Incentive Plan Rules	<p>Subject to any requirements for Shareholder approval or any applicable laws, the Company may make offers at its absolute discretion under the Incentive Plan Rules.</p> <p>The Board will have the discretion to set the terms and conditions of each incentive offer it intends to make eligible participants.</p>
Issue price and exercise price	<p>The Board will determine the issue or exercise price for each grant of Performance Rights, Options or Shares allocated under the Incentive Plan Rules.</p>
Cessation of employment	<p>Under the Incentive Plan Rules, the Board has broad discretion in relation to the treatment of any such entitlements on cessation of employment.</p> <p>It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the Participant ceases employment.</p>
Clawback and preventing inappropriate benefits	<p>The Incentive Plan Rules provide the Board with broad clawback powers if, for example, the Participant has acted fraudulently or dishonestly or there is a material financial misstatement.</p>
Change of control	<p>The Board may determine that all or a specified number of a Participant's incentives will vest or cease to be subject to restrictions where there is a change of control event in accordance with the Incentive Plan Rules.</p>
Reconstructions, corporate actions, rights issues, bonus issues etc	<p>The Incentive Plan Rules include specific provisions dealing with rights issues, bonus issues and corporate actions and other capital reconstructions.</p> <p>These provisions are intended to ensure that there is no material advantage or disadvantage to the Participant in respect of their incentives as a result of such corporate actions.</p>
Restrictions on dealings	<p>Prior to vesting, the Incentive Plan Rules provide the Participant must not sell, transfer, encumber, hedge or otherwise deal with their incentives.</p> <p>After vesting, Participants will be free to deal with their incentives, subject to the Company's Securities Trading Policy or any other restriction imposed by the Company.</p>

6.5.2 CEO Share Grant

The Board has determined to make a grant to certain key employees, excluding the CEO and his direct reports, under the CEO Share Grant. The CEO Share Grant has been established to facilitate grants of Shares to reward employees who have out-performed and as an incentive to retain key employees.

The CEO Share Grant, described below, will be made on Completion. The Board may determine to make further grants in the future at its discretion. Details of any securities issued under the Incentive Plan at Completion will be included in the Company's annual report relating to the period in which they were issued.

The key features of the CEO Share Grant are outlined below:

6. Key individuals, interests and benefits continued

Term	Description
Eligibility	Offers may be made to Participants at the Board's discretion.
Award	<p>The initial award will be a single tranche of Shares granted to the relevant Participants.</p> <p>In aggregate, the CEO Share Grant Participants will receive an initial grant of \$660,000 worth of Shares at Completion.</p> <p>At Completion, the number of Shares to be granted to a Participant under the CEO Grant will be calculated by reference to the dollar value of the Participant's individual grant, divided by the IPO Price.</p> <p>With respect to any future grant of Shares under the Incentive Plan, the number of Shares to be granted to a Participant will be calculated by reference to the dollar value of the relevant grant divided by the 10-day VWAP of the Shares at the time of the award.</p>
Issue price	Shares issued under the CEO Share Grant are issued for nil consideration.
Vesting and disposal restriction	<p>Shares issued under the CEO Share Grant will be subject to a requirements to remain employed until a specified vesting date, and may be subject to a further disposal restriction after vesting.</p> <p>The length of tenure and any additional disposal restriction will be at the Board's discretion, but is expected to be between 12 and 36 months.</p>
Cessation of employment	Subject to the Board's discretion under the Incentive Plan Rules, if a Participant ceases employment with the Group before the tenure condition is satisfied they will forfeit any Shares issued under the CEO Share Grant.
Dividend and voting rights	Shares issued under the CEO Share Grant carry voting and dividend entitlements.
Change of control	The default treatment in the Incentive Plan Rules applies where a change of control occurs.
Clawback and preventing inappropriate benefits	The default treatment in the Incentive Plan Rules applies.
Reconstructions, corporate actions, rights issues, bonus issues etc	The default treatment in the Incentive Plan Rules applies.
Restrictions on dealings	The default treatment in the Incentive Plan Rules applies.
Plan limit	<p>No Shares under the Incentive Plan or the ESP (defined below) may be issued to a Participant if to do so would contravene the Corporations Act, the ASX Listing Rules or any relief or waiver granted by ASIC or the ASX that binds the Company in making any offer under the Incentive Plan or the ESP.</p> <p>The number of Shares which may be granted under the Incentive Plan or the ESP (in aggregate) prior to approval of the Incentive Plan Rules or the ESP Rules by Shareholders following Listing will not exceed 5% of the total issued capital of the Company as at Listing.</p>

This Prospectus does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below or as described in section 9.14.

Chile

This document has not been, and will not be, registered with or approved by any securities regulator in Chile. Accordingly, this document is delivered in accordance with the conditions of the general ruling No. 336. There is no obligation to deliver public information in Chile in relation to the Incentive Plan. The Shares may not be offered to the public until they are registered in the Securities Registry of Chile.

New Zealand

Warning

This is an offer of new Shares. New Shares give you a stake in the ownership of the Company. You may receive a return if dividends are paid.

If the Company runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision.

The usual rules do not apply to this Offer because it is made under an employee share purchase scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

The Company intends to quote the Shares on ASX. This means you may be able to sell them on the ASX if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

Spain

This document has not been, and will not be, registered with or approved by any securities regulator in Spain or elsewhere in the European Union. Accordingly, this document may not be made available, nor may the Shares be offered for sale, in Spain except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4) of the Prospectus Regulation, an offer of new Shares in Spain is limited to fewer than 150 natural persons who are employees of the Company.

6.5.3 Performance Rights Grant

The Board has determined to make a grant of Performance Rights to the members of its Executive Team and other key individuals under the Performance Rights Grant. The Performance Rights Grant has been established to incentivise or remunerate the Directors and Company's senior management team and are not ordinary course of business remuneration securities.

The Performance Rights Grant, described below, will be made on Completion. The Board may determine to make further grants in the future at its discretion. Details of any securities issued under the Incentive Plan at Completion will be included in the Company's annual report relating to the period in which they were issued.

6. Key individuals, interests and benefits continued

The key features of the Performance Rights Grant are outlined below:

Term	Description
Eligibility	Offers may be made at the Board's discretion to the members of the Executive Team (and any other individuals that the Board determines).
Status	Performance Rights are not listed and may not be traded on any exchange.
Award	<p>The initial award will be a single tranche of Performance Rights granted to the relevant Participants, with a vesting period to the release of the Company's FY24 financial results.</p> <p>In aggregate, the Performance Rights Grant Participants will receive an initial grant of \$622,603 worth of Performance Rights at Completion.</p> <p>At Completion, the number of Performance Rights to be granted to a Participant under the Performance Rights Grant will be calculated by reference to the dollar value of the Participant's individual grant, divided by the IPO Price.</p> <p>If the appropriate performance milestone is met each Performance Right will be converted to one Share. The total number of Performance Rights issued under the Performance Rights Grant equals approximately 0.2% of Shares on issue at Listing.</p> <p>With respect to any future grant of Performance Rights under the Incentive Plan, the number of Performance Rights to be granted to a Participant will be calculated by reference to the dollar value of the relevant grant divided by the 10-day VWAP of the Shares at the time of the award.</p>
Issue and exercise price	Performance Rights issued under the Performance Rights Grant are issued for nil consideration and have no exercise price.
Vesting and disposal restriction	<p>The Performance Rights vest when applicable performance conditions have been fulfilled, as specified in an invitation.</p> <p>The initial Performance Rights granted on Completion will vest in three tranches.</p> <p>Tranche 1 – representing 40% of the Performance Rights granted</p> <ul style="list-style-type: none"> Where the Company achieves <10.0% EPS CAGR over the relevant testing period, none of the Performance Rights will vest. Where the Company achieves between 10.0% and 15.0% EPS CAGR over the relevant testing period, the Rights will vest pro rata on a straight line basis (i.e. 50% of Performance Rights will vest for achieving a 10.0% EPS CAGR and 100% of Performance Rights will vest for achieving a 15.0% or more EPS CAGR). Where the Company achieves >15.0% EPS CAGR over the relevant testing period, all of the Performance Rights will vest. <p>Tranche 2 – representing 25% of the Performance Rights granted</p> <ul style="list-style-type: none"> Where the Company achieves a TSR in the bottom third or fourth quartile when compared to the S&P/ASX Small Ordinaries Index (XSO) for the relevant testing period, none of the Performance Rights will vest. Where the Company achieves a TSR in the second quartile when compared to the constituents of the S&P/ASX Small Ordinaries Index (XSO) for the relevant testing period, the Performance Rights will vest pro rata on a straight line basis (i.e. 50% of Rights will vest if TSR is at the bottom of the second quartile and 100% of Performance Rights will vest if TSR is at the top of the second quartile). Where the Company achieves a TSR in the top quartile when compared to the constituents of the S&P/ASX Small Ordinaries Index (XSO) for the relevant testing period, all of the Performance Rights will vest.

Term	Description
Vesting and disposal restriction continued	<p>Tranche 3 – 35% of the Performance Rights granted</p> <ul style="list-style-type: none"> For the initial grants made at Completion, a Participant's remaining Performance Rights will vest if they remain employed by the Rubicon group at the end of the vesting period. For any subsequent grants, it is intended that Performance Rights will vest in two tranches only (75% EPS CAGR and 25% TSR) although this will be determined and communicated at the relevant time – ie no portion of Performance Rights will be subject to a retention hurdle. <p>Calculations relating to the EPS CAGR will be rounded to one decimal place.</p> <p>The Performance Rights issued under the Performance Rights Grant on Completion will be subject to a 3-year vesting period, with the first vesting of conditions to take place following release of the Company's FY2024 financial results.</p> <p>If a relevant class of Performance Rights are not converted into Shares by the relevant expiry date then all Performance Rights of that class lapse.</p> <p>Subsequent grants of Performance Rights will be subject to the vesting period determined by the Board, and set out in an invitation letter.</p>
Gate	For Tranche 2, the Company's TSR must be positive in order for Performance Rights in that tranche to vest.
Cessation of employment	Subject to the Board's discretion under the Incentive Plan Rules, if a Participant ceases employment with the Group before the Performance Rights have vested, the Participant will forfeit any unvested Performance Rights and unexercised Shares granted under the Performance Rights Grant.
Dividend and voting rights	<p>Performance Rights do not carry any right to vote, except as otherwise required by law.</p> <p>Performance Rights do not carry an entitlement to a dividend.</p> <p>Shares issued following the exercise of vested Performance Rights carry voting and dividend rights.</p>
Change of control	The default treatment in the Incentive Plan Rules applies where a change of control occurs.
Clawback and preventing inappropriate benefits	The default treatment in the Incentive Plan Rules applies.
Reconstructions, corporate actions, rights issues, bonus issues etc	Performance Rights do not permit the holder to participate in the new issues of capital such as bonus issues and entitlement issues, in a return of capital, whether in a winding up, upon a reduction of capital or otherwise or to participate in the surplus profit or asset of the Company upon winding up of the Company.
Restrictions on dealings	The Performance Rights are non-transferable.
Plan limit	<p>No Shares under the Incentive Plan or the ESP (defined below) may be issued to a Participant if to do so would contravene the Corporations Act, the ASX Listing Rules or any relief or waiver granted by ASIC or the ASX that binds the Company in making any offer under the Incentive Plan or the ESP.</p> <p>The number of Shares which may be granted under the Incentive Plan or the ESP (in aggregate) prior to approval of the Incentive Plan Rules or the ESP Rules by Shareholders following Listing will not exceed 5% of the total issued capital of the Company as at Listing.</p>

6. Key individuals, interests and benefits continued

6.5.4 Grants issued to key management personnel and Directors

Performance Rights under the Performance Rights Grant will be issued on Completion to certain key management personnel and Directors under the Incentive Plan.

The Company provides the following information in respect of the Performance Rights:

- the recipients of Performance Rights are employees of Rubicon;
- the Performance Rights are being issued to remunerate or incentivise these Directors and employees and are not ordinary course business remuneration securities;
- the Directors and employees are involved in the decision making of the business, including its strategy, which will directly impact the performance milestone;
- the remuneration of Bruce Rodgerson and Jason York are set out in paragraph 6.4 above. David Aughton receives annual remuneration of \$239,951 and a car allowance of \$25,000. David is entitled to participate in the Incentive Plan;
- Jason York holds 178,803 Shares in the Company for which he paid \$0.83 per Share. Bruce Rodgerson and David Aughton also hold Shares in the Company as set out in section 7.1.6, of which Bruce Rodgerson obtained 56,417 Shares in the Company for \$0.83 per Share and David Aughton obtained 32,781 Shares in the Company for \$0.83 per Share, and the remaining of Bruce and David's respective shareholdings were acquired for nominal consideration;
- the Company considers it necessary to further remunerate or incentivise the directors and employees as it aligns with the Company's goals and financial performance; and
- the number of Performance Rights to be issued under the Performance Rights Grant was determined as a percentage of each individual's annual base salary and as such determined by the Board to be appropriate and equitable.

There will be no grants made to key management personnel or Directors under the CEO Share Grant or the ESP.

Participant	Number of performance rights (Performance Rights Grant)
Gordon Dickinson (Non-Executive Chairman)	0
Bruce Rodgerson (CEO and Executive Director)	134,976
David Aughton (Executive Director)	119,976
Lynda O'Grady (Independent NED)	0
Iven Mareels (Independent NED)	0
Tony Morganti (Independent NED)	0
Jason York (CFO)	67,500

6.5.5 Employee Share Plan

The Company has established an ESP, under which eligible Australian-based employees (**ESP Participants**) may each apply to be issued up to \$1,000 worth of Shares at Completion at no cost, in recognition for their efforts in connection with the Group's preparation for the IPO. Separate arrangements will be made for non-Australian based employees.

An initial grant under the ESP will be made on Completion. The Board may determine to make further grants in future years under the ESP at its discretion. Details of any securities issued under the ESP at Completion will be included in the Company's annual report relating to the period in which they were issued.

The key terms of the rules of the ESP (**ESP Rules**) are set out in the table below.

Term	Description
Eligibility	Offers may be made at the Board's discretion to Australian-resident employees (excluding the Executive Team) of the Company.
Award	The number of shares to be issued on Completion under the ESP will, in aggregate, be the initial grant of \$192,000 divided by the IPO Price. Shares will be granted to ESP Participants on Completion.
Issue price	Shares issued under the ESP are issued for nil consideration.
Vesting and disposal restriction	The Shares will be fully vested at their grant date, but will be subject to a disposal restriction that applies until the earlier of 3 years from grant, or cessation of employment.
Cessation of employment	If an ESP Participant ceases employment with the Group before the 3 year disposal restriction has been lifted, the ESP Participant will retain the shares and the disposal restriction will be lifted.
Dividend and voting rights	Shares issued under the ESP carry voting and dividend rights.
Change of control	The default treatment in the Incentive Plan Rules applies where a change of control occurs.
Reconstructions, corporate actions, rights issues, bonus issues etc	The default treatment in the Incentive Plan Rules applies.
Restrictions on dealings	The default treatment in the Incentive Plan Rules applies.
Plan limit	No Shares under the Incentive Plan or the ESP may be issued to a Participant or ESP Participant if to do so would contravene the Corporations Act, the ASX Listing Rules or any relief or waiver granted by ASIC or the ASX that binds the Company in making any offer under the Incentive Plan or the ESP. The number of Shares which may be granted under the Incentive Plan or the ESP (in aggregate) prior to approval of the Incentive Plan Rules or ESP Rules by Shareholders following Listing will not exceed 5% of the total issued capital of the Company as at Listing.

6.6 Related party agreements

Other than as disclosed in this Prospectus, the Group is not party to any material related-party arrangements.

6.7 Corporate governance

This Section 6.7 explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget).

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and

6. Key individuals, interests and benefits continued

corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its fourth edition of the Corporate Governance Principles and Recommendations for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it and must also disclose what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

The Company intends to comply with all of the ASX Recommendations from the time of Listing, with the exception of ASX Recommendation 2.4, which provides that the majority of the board of a listed entity should be independent directors and ASX Recommendation 2.5, which provides that the Chairman of the Company should be an independent Director.

The Board is comprised of 3 independent and 3 non-independent directors and as such does not comply with ASX Recommendation 2.4. Notwithstanding this, the Directors consider that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors. The independent Non-Executive Directors may consider conferring periodically without the non-independent Directors present.

The Chairman, Gordon Dickinson, is not considered by the Board to be an independent Director given the level of his shareholding in the Company and the length of time he has been a director. Despite this, the Board believes that Gordon is the most appropriate person to lead the Board as its Chairman given his knowledge of Rubicon's business and his expertise and experience in the financial services industry. The Board considers that Gordon adds significant value to its deliberations and expects that he will continue to bring sound judgement to the Board's deliberations.

6.8 The Board of Directors

The Board of Directors is comprised of a non-independent Chairman, the CEO, an executive director and 3 independent non-executive directors. The name and biographical details of the current members of the Board of Directors are contained in Section 6.1.

Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Non-Executive Director or Executive Director without constraint having regard to their other commitments.

The Board considers an independent Director to be a Non-Executive Director who is not a member of the Company's management and who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. In assessing independence, the Board will have regard to the ASX Recommendations.

The Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

Three out of six members of the Board are Non-Executive Directors who are considered independent. The Board considers that each of Lynda O'Grady, Iven Mareels and Tony Morganti is free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Gordon Dickinson, Bruce Rodgerson and David Aughton are currently considered by the Board not to be independent.

Although Gordon Dickinson, Bruce Rodgerson and David Aughton are not considered to be independent, the Board considers that both add significant value to deliberations with their considerable experience and skills. The Board believes that Gordon Dickinson, Bruce Rodgerson and David Aughton will bring objective and independent judgement to the Board's deliberations.

The Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors.

6.8.1 Board charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It provides that the Board should comprise Directors with the appropriate mix of skills, experience, expertise and diversity which are relevant to the Company's businesses and the Board's responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

6.8.2 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee and a Nomination and Remuneration Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

6.8.2.1 Audit and Risk Committee

The role of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's financial reporting, internal control structure, risk management systems and internal and external audit functions. This includes confirming the quality and reliability of the financial information prepared by the Company, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

The Audit and Risk Management Committee provides advice to the Board and reports on the status and management of the risks to the Company. The purpose of the Committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed.

The Company will comply with the recommendations set by the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise of Tony Morganti (Chair), Iven Mareels, and Gordon Dickinson.

The Chair of the Audit and Risk Committee is entitled to receive fees of \$10,000.00 per annum. Each other member of the Audit and Risk Committee is entitled to receive fees of \$10,000.00 per annum.

6.8.2.2 Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's nomination and remuneration policies and practices.

This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior executives. The Nomination and Remuneration Committee is also responsible for administering short term and long term incentive plans (including any equity plans). In addition, the Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate.

The Company will comply with the recommendations set by the Listing Rules and the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise of Lynda O'Grady (Chair), Tony Morganti, and Gordon Dickinson.

The Chair of the Nomination and Remuneration Committee is entitled to receive fees of \$10,000.00 per annum. Each other member of the Nomination and Remuneration Committee is entitled to receive fees of \$10,000.00 per annum.

6. Key individuals, interests and benefits continued

6.9 Corporate governance policies

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Principles.

Prior to Completion, copies of the Company's key policies and practices and the charters for the Board and each of its committees will be available at www.rubiconwater.com.

6.9.1 Disclosure Policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to immediately advise ASX of any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company has adopted a Disclosure Policy to take effect from Listing, which reinforces the Company's commitment to its continuous disclosure obligations, and describes the processes in place that enable the Company to provide Shareholders with timely disclosure in accordance with those obligations. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX, and copies of the Company's announcements to ASX will be available on the Company's website.

6.9.2 Shareholder Communication Policy

The Company aims to keep Shareholders informed of major developments affecting the Company. The Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company will communicate information regularly to Shareholders and other stakeholders through a range of forums and publications, including the Company's website, at the Company's Annual General Meeting and through the Company's Annual Report and ASX announcements.

6.9.3 Securities Trading Policy

The Company has adopted a Securities Trading Policy that is intended to explain the types of conduct in relation to dealing in securities that are prohibited by law and establish procedures for the buying and selling of securities to ensure that public confidence is maintained in the reputation of the Company and the Company's Directors and employees, and in the trading of the Company's securities.

The Securities Trading Policy provides that Directors, employees and contractors must not deal in the Company's securities when they are aware of 'inside' information. Directors and certain restricted employees must not deal in the Company's securities during any of the following blackout periods:

- from the close of the ASX trading day on 30 November each year, until 10.00am on the ASX trading day following the day on which the Company's half yearly results are released to the ASX;
- from the close of the ASX trading day on 31 May each year, until 10.00am on the ASX trading day following the day on which the Company's full year results are released to the ASX;
- from the close of the ASX trading day two weeks prior to the date of the Company's AGM until 10.00am on the ASX trading day following the date of the Company's AGM; and
- any other period that the Board specifies from time to time.

Directors and restricted employees must receive prior approval for any proposed dealing in the Company's securities outside of the above blackout periods (including any proposed dealing by one of their connected persons).

6.9.4 Code of Conduct

The Company is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct that outlines how it expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards.

The Code of Conduct is designed to provide a benchmark for professional behaviour throughout the Company's business, support its business reputation and corporate image within the community and make the Company's Directors and employees aware of the consequences if they breach this policy.

6.9.5 Diversity Policy

The Board has approved a Diversity Policy, which sets out the Company's commitment to an inclusive and diverse workforce. The Company will include in its corporate governance statement each year details of the measurable objectives set under the Diversity Policy of the year to which the corporate governance statement relates, and a summary of the Company's progress towards achieving those measurable objectives.

6.9.6 Whistle-blower protection Policy

The Company is committed to the highest standards of conduct and ethical behaviour in all of its business activities and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance. This policy has been adopted to provide a safe and confidential environment where concerns can be raised by whistle-blowers without fear of reprisal or detrimental treatment.

6.9.7 Anti-bribery and corruption Policy

The Company is committed to complying with all laws of the jurisdictions in which it operates, including those relating to bribery and corruption. The anti-bribery and corruption policy set out the responsibilities of the Company's personnel, including in their dealings with, and through, third parties. It addresses protection of the Company's personnel in seeking to comply with this policy, dealing with false reports, investigations, consequences for breach, examples of improper conduct, contact with government officials, donations, in-kind gifts and corporate hospitality, political and charitable contributions and sponsorships, facilitation payments and secret commissions.

6.10 Departure from ASX Recommendations

The Company is compliant with the ASX Recommendations, other as noted above in Section 6.7.



RUBICON™

7. Details of the Offer



7. Details of the Offer

7.1 The Offer

This Prospectus relates to an initial public offering of 40.0m New Shares at the Offer Price of \$1.00 per New Share and the sale of up to 2.6m existing Shares held by SaleCo (as well as up to 192,000 New Shares to Eligible Employees who participate in the Employee Gift Offer). The Offer is expected to raise approximately \$42.6m. The total number of Shares expected to be on issue at Completion will be 172.0 million. All Shares will rank equally with each other. The New Shares offered under this Prospectus will represent approximately 23.4% of the Shares on issue at Completion.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.1 Structure of the Offer

The Offer comprises:

- the **Retail Offer**, consisting of:
 - the **Broker Firm Offer**, which is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate;
 - the **Priority Offer**, which is open to selected investors in Australia and certain other jurisdictions who have received a Priority Offer Invitation;
 - the **Employee Gift Offer**, which is open to some Eligible Employees;
- the **Institutional Offer**, which consists of an invitation to bid for Shares made to Institutional Investors in Australia, New Zealand, Hong Kong, Singapore and India.

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares under the Broker Firm Offer.

The allocation of Shares between the Broker Firm Offer, Priority Offer, Employee Gift Offer and the Institutional Offer was determined by the Company and the Lead Manager.

The Offer (with the exception of the Employee Gift Offer) has been fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.6.

7.1.2 Purpose of the Offer

The purpose of the Offer is:

- provide the Company with additional financial flexibility for investments in development and organic growth opportunities, such as assembly facilities in global end markets, research and development of new hardware products and software solutions, through improved access to capital markets;
- fund working capital to continue to execute its growth strategy;
- repay existing debt;
- provide a liquid market for its Shares and an opportunity for others to invest in Rubicon;
- give some Existing Shareholders an opportunity to realise part of their investment in the Company through the sale of Existing shares through SaleCo however this is minor in aggregate;
- pay the costs of the Offer; and
- assist the Company in attracting and retaining quality staff.

7. Details of the Offer continued

7.1.3 Sources and uses of funds

The Offer is expected to raise \$42.6 million, which is equal to the number of Shares issued and sold under the Offer multiplied by the Offer Price. The proceeds of the Offer will be received by the Company and applied as set out in the table below.

Sources of funds	\$ million	%	Uses of funds	\$ million	%
Cash proceeds received under the Offer from the issue of Shares	40.0	93.8%	Capital expenditure to fund growth opportunities	7.0	16.4%
			Working capital	8.0	18.8%
			Repayment of existing debt facilities and increase in cash & cash equivalents	20.0	46.9%
			Costs of the Offer	5.0	11.7%
Cash proceeds received under the Offer from the sale of Shares by SaleCo	2.6	6.2%	Payment of proceeds to Existing Shareholders	2.6	6.2%
Total sources	42.6	100.0%	Total uses	42.6	100.0%

7.1.4 Potential effect of the fundraising on the future of the Company

The Board expects that Rubicon will have sufficient cash flow from operations to meet its business needs and, together with the net proceeds from the primary component of the Offer, will have sufficient working capital to carry out its stated objectives.

7.1.5 Pro forma historical balance sheet

The Company's pro forma balance sheet following Completion of the Offer, including details of the pro forma adjustments, is set out in Section 4.

7.1.6 Capital structure

Rubicon's indebtedness as the Prospectus Date, both before and adjusted to reflect the Offer, is set out in Section 4.

7.1.7 Shareholding structure

The details of the ownership of Shares as at the Prospectus Date, and on Completion of the Offer, are set out in the table below.

Shareholder(s)	Shares held at the Prospectus Date ¹³⁰		Shares acquired/(sold)	Shares held at Completion	
	(%)	(million)		(%)	(million)
Gordon Dickinson and associated entities	16.9%	22.2	–	12.9%	22.2
Bruce Rodgerson and associated entities ¹³¹	12.5%	16.4	–	9.5%	16.4
David Aughton and associated entities ¹³²	15.1%	19.8	–	11.5%	19.8
Other Existing Shareholders ¹³³	55.5%	72.7	(2.6)	40.8%	70.1
Total Existing Shareholders	100.0%	131.1	(2.6)	74.7%	128.5
New Shareholders	–	–	42.6	24.8%	42.6
Employee Gift Offer	–	–	0.19	0.1%	0.19
CEO Share Grant	–	–	0.66	0.4%	0.66
Total	100.0%	131.1	40.9	100.0%	172.0

The above table does not include any Shares which may be acquired as part of the Offer by a certain number of Non-Executive Directors. The Company and Lead Manager have absolute discretion regarding allocations of Shares under the Offer. The above table does not include the 622,603 Performance Rights proposed to be issued under the Incentive Plan.

At Completion, 71.8% of the Shares on issue will be subject to voluntary escrow arrangements. In the opinion of the Company, the free float of Shares at the time of Listing on the Official List will be no less than 20% of the Shares on issue at that time. See Sections 7.9 and Section 9.7.2.4 for more information.

7.1.8 Control implications of the Offer

Post-listing, the Existing Shareholders will continue to hold an interests of approximately 74.7% in the Company and as such will control the Company (as defined in section 50AA of the Corporations Act).

Refer to Section 5 for the risks associated with the Existing Shareholders continuing to hold this level of interest post-Completion.

130. As described in paragraph 9.4, Rubicon is undertaking a corporate restructure in accordance with an Implementation Deed under which the shareholders of Rubicon Systems (Holdings) transferred their shares in Rubicon Systems (Holdings), being a total of 100,000,100 shares, in exchange for 131,123,104 shares in the Company. Each Shareholder's proportionate interest in Rubicon was not altered as a result of the actions set out in the Implementation Deed. For ease of reference and consistency, the number of Shares set out in this Prospectus assumes that the Implementation Deed becomes unconditional, which will be the case if Settlement occurs under the Underwriting Agreement and the Underwriting Agreement has not been terminated by 9.00am on the day after the close of the Offer.

131. Certain shareholders including Bruce Rodgerson and associated entities and David Aughton and associated entities entered into contractual rights under the various restructure agreements with Rubicon Systems (Holdings). For ease of reference and consistency, the Shares held at the Prospectus Date assume that the shares under contractual rights have been transferred.

132. As above in 131.

133. As above in 131.

7. Details of the Offer continued

7.2 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the capital of Rubicon).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.13 below.
What is the consideration payable for each security being offered?	Successful Applicants under the Offer (except for those participating in the Employee Gift Offer) will pay the Offer Price, being \$1.00 per Share.
What is the Offer period?	The key dates, including details of the Offer period, are set out on page 6. No Shares will be issued on the basis of this Prospectus later than the expiry date of 13 months after the Prospectus Date.
What are the cash proceeds to be raised?	Approximately \$42.6 million will be raised under the Offer based on the Offer Price (comprising approximately \$40.0 million from the issue of New Shares by Rubicon and approximately \$2.6 million for the sale of Existing Shares held by SaleCo).
Is the offer underwritten?	Yes. The Lead Manager has fully underwritten the Offer pursuant to Underwriting Agreement. Details are provided in Section 7.8 and Section 9.6.
What is the minimum Application size under the Offer?	The minimum Application size under the Offer is A\$2,000 worth of Shares. Rubicon and the Lead Manager reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for, in their absolute discretion. There is no maximum value of Shares that may be applied for under the Offer.
What is the allocation policy?	The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by Rubicon and the Lead Manager. For Broker Firm Offer participants, the relevant Broker will decide as to how they allocate Shares among their eligible retail clients. The allocation policy relating to the Priority Offer and Employee Gift Offer are outlined in Sections 7.4 And 7.5 respectively. The allocation of Shares among Applicants in the Institutional Offer was determined by Rubicon and the Lead Manager. The Employee Gift Offer will be offered to Eligible Employees only who will be offered the opportunity to apply for up to \$1,000 worth of Shares at no cost. The allocation of Shares under the Employee Gift Offer is guaranteed to Eligible Employees.

Topic	Summary
Will the securities be quoted on the ASX?	<p>Rubicon has applied to ASX for admission to the official list of, and quotation of its Shares by, ASX under the code 'RWL'.</p> <p>Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>Rubicon will be required to comply with the Listing Rules, subject to any waivers obtained by Rubicon from time to time.</p> <p>ASX takes no responsibility for the contents of this Prospectus or the investment to which it relates. The fact that ASX may admit Rubicon to the Official List is not to be taken as an indication of the merits of Rubicon or the Shares offered for subscription.</p>
When are the securities expected to commence trading?	<p>It is expected that trading of the Shares on ASX will commence trading on a normal settlement basis on or around Thursday, 2 September 2021.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. Rubicon, SaleCo and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Rubicon Offer Information Line, by a Broker or otherwise.</p>
When will I receive confirmation of whether my Application has been successful?	<p>It is expected that initial holding statements will be mailed to successful Applicants on or about Wednesday, 1 September 2021.</p> <p>Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion.</p>
Are there any escrow arrangements?	Yes. Details of the voluntary escrow arrangements are provided in Section 7.9 and Section 9.7.
Has any ASX waiver or confirmation, or any ASIC relief or ASIC modification been obtained or been relied on?	Yes. Details are provided in Section 9.12.
Are there any taxation considerations?	Yes. Details are provided in Section 9.13.
Are there any brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.</p> <p>See Section 9.6.1 for details of various fees payable by Rubicon to the Lead Manager.</p>
What should you do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the Rubicon Offer Information Line on 1300 129 892 (toll free within Australia) or +61 3 9415 4104 (outside Australia) between 8.30am and 5.00pm (AEST), Monday to Friday (excluding public holidays).</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>

7. Details of the Offer continued

7.3 Broker Firm Offer

7.3.1 Who can apply?

The Broker Firm Offer is open only to Australian-resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate in the Offer under this Prospectus.

No general public offer of Shares will be made under the Offer, other than through the ability of the public to apply through the Broker Firm Offer.

If you have received an invitation to participate from your Broker, you will be treated as eligible to become a Broker Firm Offer Applicant under the Broker Firm Offer. You should contact your Broker to determine whether you can receive an invitation from them under the Broker Firm Offer.

7.3.2 How to apply?

If you have received an invitation to participate from your Broker and wish to apply for Shares under the Broker Firm Offer, you should contact your Broker for information about how to complete and lodge your Application Form and for payment instructions.

Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form. Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Application Form or download a copy at <https://rubiconwateripo.thereachagency.com>. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (AEST) on the Closing Date (being Thursday, 26 August 2021) or any earlier closing date as determined by your Broker.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your invitation to participate. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application size under the Broker Firm Offer is \$2,000 worth of Shares. Applications in excess of the minimum number of Shares must be multiples of at least \$500.

There is no maximum value of Shares that may be applied for under the Broker Firm Offer.

Rubicon, SaleCo and the Lead Manager reserve the right to reject or scale back any Applications in the Broker Firm Offer in their absolute discretion. Any amount applied for in excess of the amount allocated to you, will be refunded by your broker in full (without interest).

Rubicon, SaleCo and the Lead Manager may determine a person to be eligible to participate in the Broker Firm Offer and may amend or waive the Broker Firm Offer application procedures or requirements, in their discretion in compliance with applicable laws.

Rubicon, SaleCo the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 8.30am (AEST) on the Opening Date (being Friday, 20 August 2021) and is expected to close at 5.00pm (AEST) on the Closing Date (being Thursday, 26 August 2021).

Rubicon, SaleCo and the Lead Manager may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications. The Offer may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.3.3 How to pay?

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with the instructions received from their Broker.

7.3.4 What is the Broker Firm Offer allocation policy?

The basis of allocation of Shares under the Offer will be determined by Rubicon, SaleCo and the Lead Manager. Shares which are allocated to Brokers for allocation to their Australian-resident retail clients will be issued to the Applicants nominated by those Brokers (subject to the right of Rubicon, SaleCo and the Lead Manager to reject, aggregate or scale back Applications).

It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not Rubicon, SaleCo or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

7.3.5 Acceptance of applications

An Application in the Broker Firm Offer is an offer by you to Rubicon and SaleCo to apply for the amount of Shares specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Lead Manager, in agreement with Rubicon and SaleCo, reserves the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.4 Priority Offer

7.4.1 Who can apply?

The Priority Offer is open to selected Australian-resident retail investors as nominated by Rubicon. If you are a Priority Offer Applicant, you should have received a personalised Priority Offer Invitation to apply for Shares under the Priority Offer.

7.4.2 How to apply?

If you have received a personalised Priority Offer Invitation and wish to apply for Shares, you should follow the instructions on your personalised Priority Offer Invitation.

Applicants under the Priority Offer may only apply for Shares online at <https://rubiconwateripo.thereachagency.com> using the online Application Form and paying Application Monies via BPAY (no physical Application Form is needed when paying in this manner) or otherwise as agreed between Rubicon and the Lead Manager. There are instructions set out on the online Application Form to help you complete it.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum application size under the Priority Offer is \$2,000 worth of Shares. Application in excess of the minimum number of shares must be multiples of at least \$500 worth of Shares.

There is no maximum value of Shares that may be applied for under the Priority Offer.

Rubicon, SaleCo and the Lead Manager reserve the right to reject or scale back Applications under the Priority Offer in their absolute discretion. Any amount applied for in excess of the amount allocated to you, will be refunded in full (without interest).

Rubicon, SaleCo and the Lead Manager may determine a person to be eligible to participate in the Priority Offer and may amend or waive the Priority Offer application procedures or requirements, in their discretion in compliance with applicable laws.

The Priority Offer opens at 8.30am (AEST) on the Opening Date (being Friday, 20 August 2021) and is expected to close at 5.00pm (AEST) on the Closing Date (being Thursday, 26 August 2021).

The Company, SaleCo and the Lead Manager may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications. The Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

7. Details of the Offer continued

If the amount of your BPAY payment for Application Monies (or the amount for which those BPAY payments clear in time for allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

If you are a Priority Offer Applicant, go to <https://rubiconwateripo.thereachagency.com> and complete an online Application Form.

7.4.3 How to pay?

Payment may be made via BPAY only by following the instructions on the online Application Form. It is the responsibility of the Applicant to ensure payments are received by the Share Registry by 5.00pm (AEST) on the Closing Date (being Thursday, 26 August 2021). You should be aware that your financial institution may impose a limit on the amount that you can transact on BPAY and policies with respect to timing for processing BPAY transactions, which may vary between financial institutions, and you should therefore take this into consideration when making payment.

When completing your BPAY payment, please make sure to use the specific biller code and unique Customer Reference Number (CRN) generated by the online Application Form.

For more details, you should contact the Rubicon Offer Information Line on 1300 129 892 (toll free within Australia) or +61 3 9415 4104 (outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday (excluding public holidays).

7.4.4 What is the Priority Offer allocation policy?

Allocations under the Priority Offer will be at the absolute discretion of the Company, SaleCo and the Lead Manager.

7.4.5 Acceptance of applications

An Application in the Priority Offer is an offer by an Applicant to Rubicon and SaleCo to apply for Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Priority Offer Invitation (including the terms and conditions in Section 7.2 and the acknowledgements in Section 7.7). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full number of Shares specified in the Application Form or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Lead Manager, in agreement with Rubicon and SaleCo, reserves the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Priority Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.5 Employee Gift Offer

7.5.1 Who can apply?

All Eligible Employees are entitled to participate in the Employee Gift Offer. An Eligible Employee is defined in the Glossary.

A separate offer letter, together with access to this Prospectus, will be provided to Eligible Employees, detailing the terms of the Employee Gift Offer. Eligible Employees should read the separate offer letter and this Prospectus carefully and in their entirety before deciding to apply under the Employee Gift Offer.

If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

7.5.2 How to apply?

Eligible Employees should have received a letter of offer detailing the terms of the Employee Gift Offer, together with this Prospectus.

Eligible Employees who are entitled to participate in the Employee Gift Offer are required to complete the Application Form made available online at <https://rubiconwateripo.thereachagency.com>.

Rubicon, SaleCo and the Lead Manager may determine a person to be eligible to participate in the Employee Gift Offer and may amend or waive the Employee Gift Offer application procedures or requirements, in their discretion in compliance with applicable laws.

The Employee Gift Offer opens at 8.30am (AEST) on the Opening Date (being Friday, 20 August 2021) and is expected to close at 5.00pm (AEST) on the Closing Date (being Thursday, 26 August 2021).

Rubicon, SaleCo and the Lead Manager may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications. The Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

7.5.3 How to pay?

No payment for Shares is required under the Employee Gift Offer.

7.5.4 What is the Employee Gift Offer allocation policy?

Employee Gift Offer Applicants who are Successful Applicants will receive a guaranteed allocation of \$1,000 worth of Shares (rounded down to the nearest whole Share based on the Offer Price).

7.5.5 Further information about the Employee Gift Offer

A participant in the Employee Gift Offer must not sell, assign, transfer or otherwise deal with, or grant a security interest over, a Share acquired under the Employee Gift Offer before the earlier of:

- the end of the period 3 years after the issue of the Shares to the participant; and
- the time when the participant is not or no longer employed by the Company, subject to a minimum holding period, in this instance of 3 years from the date of issue of the Shares.

Shares acquired by a participant in the Employee Gift Offer will be held under a trading lock until the end of the disposal period referred to above.

Shares issued under the Employee Gift Offer otherwise carry the same rights and entitlements of Shares, including dividend and voting rights.

The Company may issue Shares, or acquire Shares on or off market, to allocate to a participant in the Employee Gift Offer.

Not all participants in the Employee Gift Offer will be able to take advantage of the taxation concession under the Australian tax legislation to acquire the Shares income tax-free. See Section 9.13 for an overview of the potential taxation implications of participating in the Employee Gift Offer.

7.5.6 Acceptance of applications

An Application in the Employee Gift Offer is an offer by an Applicant to the Company to apply for Shares in the Application Form on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form (including the terms and conditions in Section 7.2 and the acknowledgements in Section 7.7). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full number of Shares specified in the Application Form or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Lead Manager, in agreement with the Company, reserves the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Employee Gift Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7. Details of the Offer continued

7.6 Institutional Offer

7.6.1 Invitations to bid

The Company and the Lead Manager have invited certain Institutional Investors in Australia, New Zealand, Hong Kong, Singapore and India to bid for Shares in the Institutional Offer.

The Lead Manager separately advised Institutional Investors of the Application procedures for the Institutional Offer. Shares issued to Institutional Investors as part of the Institutional Offer will be issued under this Prospectus.

7.6.2 Allocation policy under the Institutional Offer

The allocation of Shares among bidders in the Institutional Offer was determined by the Lead Manager in agreement with Rubicon and SaleCo. The Lead Manager, Rubicon and SaleCo have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Lead Manager.

The allocation policy was influenced by a number of factors including:

- the number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- Rubicon's desire for an informed and active trading market following listing on ASX;
- Rubicon's desire to establish a wide spread of institutional shareholders;
- the overall anticipated level of demand under the Broker Firm Offer, Priority Offer, Employee Gift Offer and the Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long term Shareholders; and
- any other factors that the Lead Manager, Rubicon and SaleCo considered appropriate.

7.7 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of Rubicon and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once Rubicon, the Share Registry or a Broker receives an Application Form (including electronically), it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised Rubicon and the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, Rubicon may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer);

- acknowledged and agreed that the Offer may be withdrawn by Rubicon or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant under the Broker Firm Offer, Priority Offer and Employee Gift Offer and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and other applicable state securities laws;
- it is not in the United States or acting for the account or benefit of a U.S. Person;
- it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, the registration requirements under the Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.8 Underwriting agreement

The Offer (other than the Employee Gift Offer) is fully underwritten pursuant to an Underwriting Agreement under which the Lead Manager has been appointed to arrange and manage and act as lead manager, bookrunner and underwriter of the Offer. The Lead Manager agrees, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer.

The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Lead Manager may terminate the Underwriting Agreement and their underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the conditions precedent and termination provisions, is provided in Section 9.6.

7.9 Voluntary escrow arrangements

Upon Completion of the Offer, the Escrowed Shareholders will be subject to voluntary escrow arrangements (other than any Shares acquired by them, or entities related to them, under the Offer at the Offer Price).

The Escrowed Shareholders have entered into voluntary escrow arrangements which prevent them from dealing with their Escrowed Shares during the relevant Escrow Period (subject to relevant exceptions).

See Section 9.8 for a summary of the terms of the escrow arrangements and the limited exceptions that permit dealing in the Escrowed Shares during the relevant Escrow Period.

7.10 Restrictions on distributions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released to US wire services or distributed by you in the United States and may only be distributed by the Lead Manager to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States. The Shares will be offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act.

7. Details of the Offer continued

Each Applicant in the Broker Firm Offer, and each Institutional Investor to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States and may not be offered or sold, directly or indirectly, in the United States;
- it is not in the United States;
- it has not sent, and will not send, the Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States.

Please refer to Section 9.14 for further details in relation to applicable selling restrictions.

7.11 Discretion regarding Offer

Rubicon and SaleCo may withdraw the Offer at any time before the issue of Shares to successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Lead Manager, Rubicon and SaleCo also reserve the right to, subject to the Corporations Act, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for.

7.12 ASX listing, registers and holding statements and deferred settlement

7.12.1 Application for ASX listing and quotation of Shares

Rubicon has applied for admission to the Official List and quotation of the Shares on ASX under the code 'RWL'.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit Rubicon to the Official List is not to be taken as an indication of the merits of Rubicon or the Shares offered for subscription.

If permission is not given for the official quotation of the Shares on ASX within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.

Upon Listing, Rubicon will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time.

7.12.2 CHESS and issuer sponsored holdings

The Company has applied to participate in ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with the Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. Rubicon, SaleCo and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.13 Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

7.13.1 Introduction

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and all other applicable laws and regulations.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders.

The summary assumes that the Company is admitted to the Official List of the ASX.

7.13.2 Meeting of members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to shareholders.

7.13.3 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has (a) on a show of hands, one vote and (b) on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held (with adjusted voting rights for partially paid shares). The Chairman does not have a casting vote.

7.13.4 Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, or declare any interim, special or final dividend as, in their judgement, the financial position of the Company justifies.

The Directors may fix the amount, time and method of payment of the dividends. The payment, resolution to pay, or declaration of a dividend does not require any confirmation by a general meeting.

7.13.5 Transfer of Shares

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, a member may transfer all or any of the member's shares by:

- a Proper ASTC transfer (as that term is defined in the Corporations Regulations); or
- an instrument in writing in any usual form or in any other form that the Directors approve, as permitted by the Corporations Act and ASX Listing Rules.

The Company may, in circumstances permitted under the ASX Listing Rules or ASX Settlement Rules, decline to register a transfer of Shares or apply a holding lock to prevent a transfer of Shares.

If the Directors decline to register a transfer or apply a holding lock, the Company must give the party lodging the transfer written notice of the refusal or holding lock and the reason for refusal or holding lock.

7. Details of the Offer continued

7.13.6 Issue of further Shares

Subject to the Constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act, the Directors may issue shares or grant options over unissued shares to any person and they may do so at such times and on the conditions they think fit. The shares may be issued with preferred, deferred or special rights, or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors see fit.

7.13.7 Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

7.13.8 Winding up

If the Company is wound up, then subject to the Constitution and to the rights or restrictions attached to a class of shares, any surplus assets must be divided among the Company's members in proportion to the shares held by them (irrespective of the amounts paid or credited as paid on the shares), less any amounts which remain unpaid on these shares at the time of distribution.

7.13.9 Sale of non-marketable parcels

Provided that the procedures set out in the Constitution are followed, the Company may sell the shares of a shareholder who holds less than a marketable parcel of those shares. A marketable parcel of shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of less than \$500.

7.13.10 Share buy-backs

The Company may buy back shares in itself in accordance with the provisions of the Corporations Act and, where applicable, the ASX Listing Rules.

7.13.11 Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied with:

- the written consent of the holders of at least three quarters of the issued shares in the particular class; or
- the sanction of a special resolution passed at a separate meeting of the holders of shares in that class.

7.13.12 Reduction of share capital

Subject to the Constitution, Corporations Act and ASX Listing Rules, the Company may reduce its share capital in any way permissible by the Corporations Act.

7.13.13 Proportional takeover provisions

The Constitution contains provisions requiring shareholder approval before any proportional takeover bid can proceed. The provision will cease to have effect three years from the date of adoption of the Constitution unless it is renewed by special resolution of shareholders in a general meeting.

7.13.14 Dividend reinvestment plan

The Constitution contains a provision allowing Directors, on the terms and conditions they think fit, to implement a dividend reinvestment plan (under which any Shareholder or any class of shareholders may elect that the dividends payable by the Company be reinvested by a subscription for Shares in the Company).

7.13.15 Directors – appointment and removal

Under the Constitution, the minimum number of Directors is 3 and the maximum is 12 or such lower number as the Directors determine, provided the proposed lower number has been authorised by general meeting of the Company's members if required under the Corporations Act.

Directors are elected or re-elected by resolution at a general meeting of Shareholders. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the managing director) will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

No Director (other than the managing director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later).

7.13.16 Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter.

In the case of an equality of votes on a resolution, the chair of the meeting has a casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

7.13.17 Variation of the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

7.13.18 Directors' and officers' indemnity

The Company, to the extent permitted by law, may indemnify each person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any losses or liability incurred by that person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for reasonable legal costs on a full indemnity basis.

The Company, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any liability incurred by the person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.



RUBICON™

8. Investigating Accountant's Report



8. Investigating Accountant's Report



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The Directors
Rubicon Water Limited
1 Cato Street
Hawthorn East 3123
Australia

The Directors
Rubicon SaleCo Limited
1 Cato Street
Hawthorn East 3123
Australia

12 August 2021

Dear Directors,

INVESTIGATING ACCOUNTANT'S REPORT ON HISTORICAL AND FORECAST FINANCIAL INFORMATION OF RUBICON WATER LIMITED AND THE FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the directors of Rubicon Water Limited (ACN 651 852 470) (the **Company**) and Rubicon SaleCo Limited (ACN 651 851 875) (**SaleCo**) (together the Directors) for inclusion in the prospectus to be issued by the Company and SaleCo (the **Prospectus**) in respect of the initial public offering of fully paid ordinary shares in the Company by way of issue by the Company and transfer by SaleCo and the Company's subsequent listing on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the *Corporations Act 2001* (Cth) (**Corporations Act**) for the issue of this report.

References to the Company in this report mean prior to the allotment of fully paid ordinary shares under the Offer, Rubicon Systems (Holdings) Pty Ltd (ACN 106 485 474) and its controlled entities, and after allotment of shares under the Offer, Rubicon Water Limited and its controlled entities, or where the context requires, the business described in the Prospectus.

Capitalised terms used in this report, being the Investigating Accountant's Report, have the same meaning as defined in the glossary of the Prospectus.

Scope

Statutory Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the historical financial information of the Company, being:

- The statutory historical consolidated statements of profit or loss for the financial years ended 30 June 2018 (**FY18**), 30 June 2019 (**FY19**), 30 June 2020 (**FY20**), and half-years ended 31 December 2019 (**H1-FY20**) and 31 December 2020 (**H1-FY21**);
- The statutory historical consolidated cash flows for FY18, FY19, FY20, H1-FY20 and H1-FY21; and
- The statutory historical consolidated statement of financial position as at 31 December 2020;

as set out in Section 4.3, 4.5 and 4.6.1 of the Prospectus (together, the **Statutory Historical Financial Information**).

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

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The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Statutory Historical Financial Information for FY18, FY19 and FY20 has been derived from the consolidated general purpose statutory financial reports of Rubicon Systems (Holdings) Pty Ltd and its controlled entities for FY19 (which included comparative financial information for FY18) and FY20 which were audited by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards. Deloitte Touche Tohmatsu issued unmodified audit opinions on those financial reports.

The Statutory Historical Financial Information for H1-FY20 and H1-FY21 has been derived from the condensed half-year consolidated general purpose financial statements of Rubicon Systems (Holdings) Pty Ltd and its controlled entities for H1-FY21 (which included comparative financial information for H1-FY20), which was reviewed by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards. Deloitte Touche Tohmatsu issued unmodified opinions in respect of those financial reports.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Pro Forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the pro forma historical financial information of the Company, being:

- the pro forma historical consolidated statements of profit or loss for FY18, FY19 and FY20, H1-FY20 and H1-FY21;
- the pro forma historical consolidated cash flows for FY18, FY19 and FY20, H1-FY20 and H1-FY21; and
- the pro forma historical consolidated statement of financial position as at 31 December 2020;

as set out in Section 4.3, 4.5 and 4.6.1 of the Prospectus (together, **the Pro Forma Historical Financial Information**).

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information, after adjusting for the effects of pro forma adjustments described in Section 4.3, 4.5 and 4.6.1 of the Prospectus (**the Pro Forma Adjustments**).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the events or transactions to which the Pro Forma Adjustments relate, as described in Section 4.2.2 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

Forecast Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review:

- the statutory forecast consolidated statement of profit or loss of the Company and the statutory forecast consolidated cash flows of the Company for the year ending 30 June 2021 as set out in Section 4.3 and 4.5 of the Prospectus (**the Statutory Forecast Financial Information**). The directors' best estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 4.8 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and

- The pro forma forecast consolidated income statement of the Company and the pro forma forecast consolidated cash flow statement of the Company for the period ending 30 June 2021 (the **Pro Forma Forecast Financial Information**). As set out in Section 4.3 and 4.5 of the Prospectus, the Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the Pro Forma Adjustments. The stated basis of preparation used in the preparation of the Pro Forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events and transactions to which the Pro Forma Adjustments relate, as if those events or transactions had occurred as at 1 July 2020. Due to the nature of the Pro Forma Forecast Financial Information, it does not represent the Company's actual prospective financial performance and/or cashflows for the year ending 30 June 2021;

The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information are together referred to as the **Forecast Financial Information**.

The Forecast Financial Information has been prepared by Management and adopted by the directors of the Company in order to provide prospective investors with a guide to the potential financial performance of the Company for the year ending 30 June 2021. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and / or transactions that Management expect to occur and actions that Management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company which are detailed in the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly, prospective investors should have regard to the investment risks and sensitivities set out in Section 5 and Section 4.10 of the Prospectus, respectively. The sensitivity analysis set out in Section 4.10 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information, including the selection and determination of Pro Forma Adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information;



- the preparation of the Forecast Financial Information, including the directors' best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Statutory Historical Financial Information, the Pro Forma Historical Financial Information, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information, the Pro Forma Historical Financial Information, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Statutory Historical Financial Information

- a review of the derivation of the Statutory Historical Financial Information from the audited financial statements of the Company for FY19 (with FY18 comparatives) and FY20 and the reviewed financial statements of the Company for H1-FY21 (with H1-FY20 comparatives);
- analytical procedures on the Statutory Historical Financial Information;
- a review of the application of the statement basis of preparation, as described in the Prospectus, to the Statutory Historical Financial Information for consistency of application over the period;
- a review of the work papers, accounting records and other documents of the Company; and
- enquiry of the Directors, Management and other relevant persons in relation to the Statutory Historical Financial Information.

Pro Forma Historical Financial Information

- consideration and review of work papers, accounting records and other documents, including those dealing with the derivation of the Statutory Financial Information from the audited financial statements for FY19 (with FY18 comparatives) and FY20 and the reviewed financial statements for H1-FY21 (with H1-FY20 comparatives);
- consideration of the appropriateness of the Pro Forma Adjustments;
- enquiry of the directors, management, personnel and advisors of the Company;

- the performance of analytical procedures applied to the Pro Forma Historical Financial Information;
- a review of work papers, accounting records and other documents of the Company and the work papers of its auditors; and
- a review of the accounting policies adopted and used by the Company over the relevant periods for consistency of application.

Forecast Financial Information

- enquiries, including discussions with management and directors of the Company of the factors considered in determining the assumptions;
- analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information;
- review of the accounting policies adopted and used in the preparation of the Forecast Financial Information; and
- consideration of the Pro Forma Adjustments applied to the Statutory Forecast Financial Information in preparing the Pro Forma Forecast Financial Information.

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information, as described in Section 4.3, 4.5 and 4.6.1 of the Prospectus is not prepared, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2.2 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not prepared, in all material respects, in accordance with the stated basis of preparation as described in Section 4.2.2 of the Prospectus.

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- (i) the directors' best estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information
- (ii) in all material respects, the Statutory Forecast Financial Information is not:
 - a. prepared on the basis of the directors' best estimate assumptions as described in Section 4.8 of the Prospectus; and
 - b. presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in the Australian Accounting Standards;
- (iii) the Statutory Forecast Financial Information itself is unreasonable.

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Pro Forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- (i) the directors' best estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information do not provide reasonable grounds for the Pro Forma Forecast Information;
- (ii) in all material respects, the Pro Forma Forecast Financial Information is not:
 - a. prepared on the basis of the directors' best estimate assumptions as described in Section 4.8 of the Prospectus;
 - b. presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards, applied to the Statutory Forecast Financial Information and the Pro Forma Adjustments as if those adjustments had occurred as at 1 July 2020;
- (iii) the Pro Forma Forecast Financial Information is unreasonable.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 4.2 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED



Marc Hofmann
Authorised Representative
Number 461002

Deloitte Corporate Finance Pty Limited
(AFSL number 241457)



March 2020

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (DCF) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (AR) and DCF authorises the AR to distribute this FSG. Their AR number and contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000
Member of Deloitte Touche Tohmatsu Limited
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.



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9. Additional information



9. Additional information

9.1 Registration

The Company was registered in Victoria on 9 July 2021.

SaleCo was registered in Victoria on 9 July 2021.

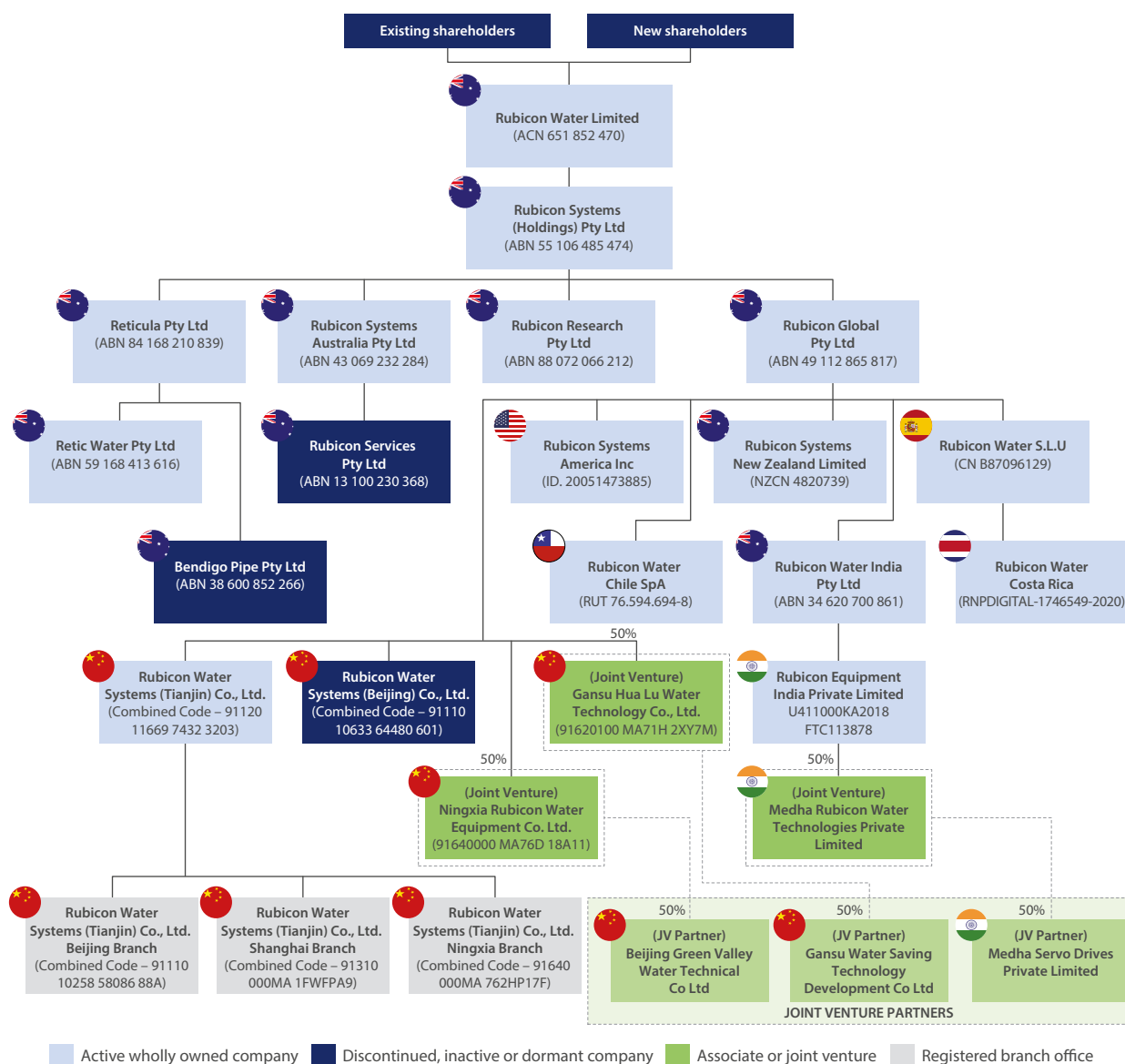
9.2 Company tax status and financial year

The Company will be subject to tax at the Australian corporate tax rate.

The Company's financial year for taxation purposes ends on 30 June.

9.3 Corporate structure

The following diagram shows the entities in the corporate structure of the Group.



Each of the entities listed above undertakes the business of Rubicon as set out in this Prospectus (except for Rubicon Services Pty Ltd (ACN 100 230 368), Bendigo Pipe Pty Ltd (ACN 600 852 266) and Rubicon Water Systems (Beijing) Co, Ltd, which are dormant).

9. Additional information continued

9.4 Implementation Deed Poll

On 11 August 2021, the Company and Rubicon Systems (Holdings) entered into an Implementation Deed Poll under which Rubicon Systems (Holdings) agreed to undertake certain capital re-organisation actions (outlined below) and the Company irrevocably offered to acquire all of the existing shares in Rubicon Systems (Holdings) from the Existing Shareholders (**Restructure**).

The offer by the Company under the Implementation Deed Poll is conditional on the Underwriting Agreement not having been terminated by 9.00am on the day after the close of the Offer.

The Existing Shareholders have signed deed polls to irrevocably accept the offer under the Implementation Deed. Therefore, assuming that the Implementation Deed becomes unconditional, the interests of the Existing Shareholders before Completion of the Offer and after Completion of the Offer will be as set out in Section 7.1.7.

As consideration for the acquisition of the shares in Rubicon Systems (Holdings), the Company will issue Existing Shareholders with 1.31123 Shares for every one fully paid existing share held by the Existing Shareholder.

9.5 Sales of Shares by SaleCo

SaleCo, a special purpose vehicle, has been established to facilitate the sale of Existing Shares by the Selling Shareholders.

Each of the Selling Shareholders has entered into a deed poll in favour of SaleCo under which the relevant Selling Shareholder has agreed to sell to SaleCo some or all of their Existing Shares, which will be sold by SaleCo into the Offer, free from encumbrances and third-party rights.

The Existing Shares which SaleCo acquires from the Selling Shareholders will be transferred to Successful Applicants at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. The Company will also issue New Shares to Successful Applicants under the Offer.

SaleCo has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement and the deeds described above. The sole shareholder of SaleCo is Bruce Rodgerson, who is also a director of the Company. Bruce Rodgerson, Gordon Dickinson, Tony Morganti and David Aughton are the directors of SaleCo.

The Company has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its functions in relation to the Offer and has indemnified SaleCo in respect of costs of the Offer. The Company has indemnified SaleCo and the shareholders and officers of SaleCo for any loss which they may incur as a consequence of the Offer.

9.6 Underwriting Agreement

The Offer is fully underwritten by the Lead Manager pursuant to an underwriting agreement dated on or about the date of the Prospectus between the Lead Manager, the Company, SaleCo and Rubicon Systems (Holdings) (as guarantor) (**Underwriting Agreement**). Under the Underwriting Agreement, the Lead Manager have agreed to arrange, manage and underwrite the Offer.

9.6.1 Fees and expenses

The Company has agreed to pay the Lead Manager an underwriting fee equal to 4% of the funds raised under the offer (excluding from the Employee Gift Offer), and a selling fee equal to 1% of the funds raised under the Offer (excluding from the Employee Gift Offer).

The underwriting and selling fees will become payable by the Company on the date of Settlement. In addition to the fees described above, the Company and SaleCo have agreed to reimburse the Lead Manager for certain agreed costs and expenses incurred by the Lead Manager in relation to the Offer.

9.6.2 Termination events not subject to materiality

The Lead Manager may, at any time after the date of the Underwriting Agreement until 10.00am on Settlement (as that term is defined in the Important Dates section of this Prospectus), terminate the Underwriting Agreement without cost or liability by notice to the Company if any of the following events occur:

- (**disclosures in Offer documents**) a material statement in the Offer documents is misleading or deceptive (including by omission) or likely to mislead or deceive, or there is an omission from the Offer documents of material required by law to be included in it (including, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);

- For personal use only
- **(new circumstances)** there occurs a new circumstance that arises after the Prospectus is lodged, that would have been required to be included in the Prospectus if it had arisen before lodgement (as applicable), that is materially adverse from the point of view of an investor;
 - **(Supplementary Prospectus)** the Company and SaleCo:
 - issues or, in the reasonable opinion of the Lead Manager is required to issue, a supplementary prospectus because of the operation of section 719(1) of the Corporations Act; or
 - lodge a supplementary prospectus with ASIC in a form and substance that has not been approved by the Lead Manager in circumstances required by the Underwriting Agreement;
 - **(market fall)** at any time the S&P/ASX All Ordinaries Index falls to a level that is 90% or less of the level of the S&P/ASX All Ordinaries Index on the Business Day immediately preceding the date of the Underwriting Agreement and is at or below that level on the close of trading:
 - for two consecutive business days during any time after the date of the Underwriting Agreement; or
 - on the Business Day immediately prior to the day of Settlement;
 - **(voluntary escrow deeds)** any of the voluntary escrow deeds are withdrawn, varied, terminated, rescinded, altered or materially amended, breached or failed to be complied with;
 - **(Implementation Deed Poll, Shareholder Deed Polls and Share Sale Deed Poll)** the Implementation Deed Poll, any Shareholder Deed Poll or the Share Sale Deed Poll is withdrawn, materially varied, terminated, rescinded, altered, materially amended (other than with the consent of the Lead Manager) or materially breached or failed to be complied with or the transactions set out in any of those documents are not capable of completing in the reasonable opinion of the Lead Manager;
 - **(forecasts)** there are not, or there ceases to be, reasonable grounds, in the reasonable opinion of the Lead Manager, for any statement or estimate in the Offer documents which relate to a future matter or any statement or estimate in the Offer documents which relate to a future matter is or becomes incapable of being met, or in the reasonable opinion of the Lead Manager, unlikely to be met in the projected timeframe (including in each case financial forecasts);
 - **(listing and quotation)** approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
 - the Company's admission to the official list of ASX; or
 - the quotation of the Shares on ASX or for the Shares to be traded through CHES,
 in each case, within a specified timeframe, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld or the ASX indicates to the Company that approval is likely to be withdrawn, qualified (other than by customary conditions in the reasonable opinion of that Lead Manager) or withheld;
 - **(notifications)** any of the following notifications are made in respect of the Offer:
 - ASIC issues an order (including an interim order) under sections 739, 1324B or 1325 of the Corporations Act in relation to the Offer or the Offer documents or gives notice of an intention to prosecute the Company or any of its directors and any such intention, application or notice becomes public or is not withdrawn within 3 Business Days or if it is made within 3 Business Days of the Settlement Date it has not been withdrawn by the day before the Settlement Date;
 - ASIC holds a hearing under section 739(2) of the Corporations Act;
 - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer document, and any such application inquiry or hearing is not withdrawn within 3 Business Day or if it is made within 3 Business Days of the day of Settlement it has not been withdrawn by the day before the Settlement Date;
 - any person who has previously consented to the inclusion of its name in the Prospectus (other than the Lead Manager) withdraws that consent; or
 - any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus (other than the Lead Manager, co-lead manager or co-manager);
 - **(certificate)** the Company, SaleCo or Rubicon Systems (Holdings) (as guarantor) does not provide a Closing Certificate as and when required by the Underwriting Agreement;

9. Additional information continued

- **(withdrawal)** the Company or SaleCo withdraws the Prospectus or the Offer or any circumstance arises after lodgement of the Prospectus with ASIC that results in the Company either repaying any money received from applicants under the Offer or offering applicants under the Offer an opportunity to withdraw their application for Offer Shares and be repaid their application monies;
- **(timetable)** an event specified in the timetable up to and including the day of Settlement is delayed by more than 2 Business Days (other than any delay caused solely by the Lead Manager or otherwise agreed between the parties);
- **(unable to issue or transfer Offer Shares)** the Company is prevented from allotting and issuing the New Shares, or SaleCo is prevented from transferring the Existing Shares, by applicable laws, an order of a court of competent jurisdiction or a governmental agency, within the time required by the ASX Listing Rules;
- **(force majeure)** there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any governmental agency which makes it illegal for the Lead Manager to satisfy a material obligation of the Underwriting Agreement, or to market, promote or settle the Offer;
- **(change to Company):**
 - the Company or Rubicon Systems (Holdings) alters the issued capital of the Company or a member of the Group; or
 - the Company or Rubicon Systems (Holdings) disposes or agrees to dispose of a substantial part of the business or property of the Group,

other than as contemplated by the Prospectus and without the prior written consent of the Lead Manager (not to be unreasonably withheld or delayed);

- **(insolvency events)** any member of the Group becomes insolvent, or there is an act or omission which is likely to result in a member of the Group becoming insolvent;
- **(regulatory approvals)** if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company or SaleCo to perform its obligations under the Underwriting Agreement, such that the Company or SaleCo is rendered unable to perform their obligations under the Underwriting Agreement;
- **(change in management)** a change of the Chief Executive Officer or Chief Financial Officer of the Company or Rubicon Systems (Holdings) occurs, or there is a vacancy in any such office or a person announces their intention to vacate such office or dies or becomes permanently incapacitated;
- **(prosecution)** any of the following occurs:
 - a director or proposed director of the Company or SaleCo is charged with an indictable offence;
 - any director of the Company or SaleCo is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
- **(constitution)** the Company varies any term of its constitution without the prior written consent of the Lead Manager.

9.6.3 Termination events subject to materiality

The Lead Manager may, at any time after the date of the Underwriting Agreement until 10.00am on Settlement (as that term is defined in the Important Dates section of this Prospectus) (without any cost or liability by notice to the Company and SaleCo), terminate the Underwriting Agreement without any cost or liability by notice to the Company and SaleCo if any of the following events occur and the Lead Manager has reasonable grounds to believe and, acting reasonably, does believe that the event:

- has, or is likely to have, a materially adverse effect on the:
 - success or outcome of the Offer;
 - ability of the Lead Manager to market or settle the Offer;
 - subsequent market for the Offer Shares; or
 - condition, trading or financial position, performance, profits and losses, results, business, prospects or operations of the Company or Group; or
- will, or is likely to, give rise to a liability of the Lead Manager under, or a contravention by the Lead Manager of, any applicable law;
- **(compliance with law)** any of the Offer documents or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules, or any other applicable law or regulation;
- **(disclosures in Public Information)** a statement in any of the public and other media statements made by, or on behalf of and with the knowledge and consent of, the Company and SaleCo, is or becomes misleading or deceptive or is likely to mislead or deceive;

- For personal use only
- **(disclosures in the due diligence report)** the due diligence report is, or becomes, false, misleading or deceptive, including by way of omission;
 - **(information supplied)** any information supplied by or on behalf of a member of the Group or SaleCo to the Lead Manager in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or is likely to mislead or deceive (including by omission);
 - **(certificate)** a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect;
 - **(adverse change)** an event occurs which is, or is likely to give rise to a material adverse effect;
 - **(hostilities)** in respect of any one or more of Australia, New Zealand, the United States, the United Kingdom, India, Hong Kong, the People's Republic of China, Singapore, Japan, Russia, North Korea, South Korea or any member state of the European Union:
 - hostilities not presently existing commence;
 - a major escalation in existing hostilities occurs (whether war is declared or not);
 - a declaration is made of a national emergency or war; or
 - a major terrorist act is perpetrated;
 - **(Material Contracts)** if any of the obligations of the relevant parties under any of the Material Contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager) or if all or any part of any of the Material Contracts:
 - is terminated, withdrawn, rescinded, avoided or repudiated;
 - is altered, amended or varied without the consent of the Lead Manager (acting reasonably);
 - is breached, or there is a failure by a party to comply;
 - ceases to have effect, otherwise than in accordance with its terms; or
 - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and effect, or its performance is or becomes illegal;
 - **(change of law)** there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or government policy in Australia (excluding a policy of the Reserve Bank of Australia) or any State or Territory of Australia, New Zealand, the United States, the India or the People's Republic of China (other than a law or policy which has been announced before the date of the Underwriting Agreement);
 - **(breach of laws)** there is a contravention by the Company, SaleCo or any other entity in the Group of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the *ASIC Act 2001* (Cth), its constitution, or the ASX Listing Rules;
 - **(representations and warranties)** a representation or warranty contained in the Underwriting Agreement on the part of the Company, SaleCo or Rubicon Systems (Holdings) (as guarantor) is breached, becomes not true or correct or is not performed;
 - **(breach)** the Company, SaleCo or Rubicon Systems (Holdings) defaults on 1 or more of its undertakings or obligations under the Underwriting Agreement;
 - **(legal proceedings)** any of the following occurs:
 - the commencement of legal proceedings against the Company, SaleCo any member of the Group or any of their directors in their capacity as a director; or
 - any regulatory body commences (or announces an intention to commence) any Inquiry against any member of the Group or the Company or SaleCo;
 - **(disruption in financial markets)** any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, the United Kingdom, the United States, India, Hong Kong, Japan, Singapore or any member state of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - trading in all securities quoted or listed on ASX, London Stock Exchange, New York Stock Exchange or Hong Kong Stock Exchange is suspended for more than 1 day on which that exchange is open for trading; or

9. Additional information continued

- any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, the United Kingdom, the United States, India, Hong Kong, Japan, Singapore or the international financial markets or any adverse change in national or international political, financial or economic conditions in any of those countries;
- a change or development (which was not publicly known prior to the date of the Underwriting Agreement) involving a prospective adverse change in taxation laws affecting the Company or the Offer occurs;
- **(fraud)** any member of the Group or any of their respective directors or officers (as those terms are defined in the Corporations Act) engage or have been alleged by a governmental agency to have engaged in any fraudulent conduct or activity whether or not in connection with the Offer;
- **(encumbrance)** other than as disclosed in this Prospectus, any member of the Group creates or agrees to create an encumbrance over the whole or a substantial part of its business or property; or
- **(change in directors)** a change in the board of directors of the Company, SaleCo or Rubicon Systems (Holdings) occurs, or there is a vacancy in any such office or a person announces their intention to vacate such office or dies or becomes permanently incapacitated.

9.6.4 Representations, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company, SaleCo and Rubicon Systems (Holdings) (as guarantor) to the Lead Manager.

The representations and warranties given by the Company, SaleCo and Rubicon Systems (Holdings) relate to matters such as power and authorisations, financial information, title to property, licences, systems and software, litigation, Material Contracts, insurance, labour, compliance with laws, anti-money laundering and bribery and taxation.

The Company and SaleCo also provides additional representations and warranties in connection with matters including, but not limited to, compliance with laws, contents of the Prospectus, conduct of the Offer, the due diligence process, the Offer Shares, future matters, working capital, eligibility for listing and capitalisation of the Group.

The Company's undertakings include, among other things, that they will not, during the period following the date of the Underwriting Agreement until 120 days after Shares have been issued under the Offer, issue (or agree to issue) any Shares or securities without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld or delayed), subject to certain exceptions.

9.6.5 Indemnity

Subject to certain customary exclusions (including fraud, wilful misconduct or gross negligence of an indemnified party), the Company, SaleCo and Rubicon Systems (Holdings) (as guarantor) agree to keep the Lead Manager and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9.6.6 Guarantee

Rubicon Systems (Holdings) unconditionally and irrevocably guarantees to the Lead Manager the due and punctual performance by the Company and SaleCo of their obligations under the Underwriting Agreement, including any obligations to pay money.

9.7 Material contracts

Along with the Implementation Deed Poll, Shareholder Deed Polls, Share Sale Deed Poll and Underwriting Agreement summarised above, the Directors consider that there are a number of contracts which are significant or material to the Company or of such a nature that an investor may wish to have details of them when making an assessment of whether to apply for Shares.

Summaries for material contracts set out in this Prospectus (including the summary of the Underwriting Agreement set out above), do not purport to be complete and are qualified by the text of the contracts themselves.

9.7.1 Joint venture agreements

9.7.1.1 Medha joint venture agreement

Rubicon Equipment India Private Limited (**Rubicon Equipment India**) and Medha Servo Drives Private Limited (**Medha**) have entered into a Manufacturing Joint Venture Agreement in relation to the joint venture entity, Medha Rubicon Water Technologies Private Limited (**Medha JV Entity**). The Directors believe that each of Rubicon Equipment India and Medha have the financial capacity to carry out their obligations under the joint venture.

The key terms of the Medha joint venture are set out below:

Purpose	To establish a joint venture to manufacture products from Rubicon to supply to Medha and provide manufacturing capabilities to support Rubicon globally.
Term	The agreement is current and remains on foot until terminated.
Termination	The agreement will terminate upon: <ul style="list-style-type: none">• the agreement of all parties;• the winding up of the joint venture entity or any of the parties by court order; or• a party no longer holding any shares in the joint venture entity.
Shareholding	Each of Rubicon Equipment India and Medha hold 50% of the Medha JV Entity.
Restraint	Both Rubicon Equipment India and Medha (or any affiliates) are restrained from engaging in business that is same or similar or in competition with the irrigation system management solution business conducted in India, interfering with the relationship between the other shareholder and their respective customer, employees or suppliers in the irrigation system management solution business in India and any inducement of the employees of the other shareholder, for 4 years after termination of the joint venture.
Pre-emptive rights	New shares in the Medha JV Entity must first be offered to the existing shareholders in proportion to their shareholding, unless otherwise approved by the board of the Medha JV Entity and its existing shareholders. New shares which are not taken up under this offer can be distributed to the shareholders who opted for more shares on a pro rata basis.
Limitation of Liability	Each party is responsible for its obligations under this agreement and is not liable for the obligations of the other party.

9.7.1.2 Ningxia joint venture agreement

In August 2017, Rubicon Global Pty Ltd (**Rubicon Global**) and Beijing Green Valley Water Technical Co., Ltd (**Beijing Green Valley**) entered into a Joint Venture Agreement in relation to the joint venture entity, Ningxia Rubicon Water Equipment Co. Ltd (**Ningxia JV Entity**). The Directors believe that each of Rubicon Global and Beijing Green Valley have the financial capacity to carry out their obligations under the joint venture.

9. Additional information continued

The key terms of the Ningxia joint venture are set out below.

Purpose	Among other purposes, to establish a joint venture for the purposes of the contract assembly of Rubicon gates, meters and associated hardware for the supply of Rubicon product into the irrigation market in Ningxia.
Term	This agreement is current and remains on foot until terminated.
Termination	Either party may terminate for force majeure, default, bankruptcy or winding up of the other party.
Shareholding	Each of Rubicon Global and Beijing Green Valley hold 50% of the joint venture entity.
Funding obligations	The Annual Budget (as approved by the JV Board) sets out any additional cash contributions that are required to be paid by the Shareholders and the timing of those contributions. The Shareholders are obliged to pay those contributions at the times specified. The JV Board must approve any expenditure that would exceed the amounts approved in the Annual Budget.
Restraint	Both parties will not enter into any other joint ventures or other arrangements for the provision of comparable goods or services into Ningxia. Beijing Green Valley (indirectly or directly) must not engage in any business which operates in Ningxia that is competitive with the business of the Ningxia JV Entity or Rubicon during the term of the agreement and for a period of 5 years following the termination of the agreement.
Default	If either party defaults under the Ningxia joint venture agreement, the non-defaulting shareholder may acquire the shareholding of the defaulting shareholder at a price determined as 80% of the mean of two valuations of the value of those shares. A shareholder will default if: <ul style="list-style-type: none"> • they transfer any or all of its shares other than in accordance with the agreement; • that shareholder fails to make any payment owing to the Ningxia JV Entity; • that shareholder continues to breach any obligation under the agreement after receiving 14 days' notice to remedy the breach; • that shareholder is in breach of the agreement and such breach is incapable of remedy; or • the shareholder becomes bankrupt or insolvent, or an order is made for the winding up or dissolution of the shareholder.
Pre-emptive rights	A transfer of shares will be subject to the pre-emptive rights of the other shareholders in proportion to their respective shareholdings.
Limitation of Liability	Any loss or liability arising out of the joint venture entity shall be shared between the parties in proportion to their respective shareholdings.
Intellectual property	Except as otherwise agreed by the board of the Ningxia JV Entity, all intellectual property created by the Ningxia JV Entity during the term of the agreement remains the property of the Ningxia JV Entity. Any intellectual property introduced by a shareholder remains the property of that shareholder and shall be returned to the shareholder as soon as practicable after the end of the agreement. Any intellectual property developed by a shareholder for the benefit of the Ningxia JV Entity remains the property of the shareholder that developed it.

9.7.1.3 Gansu joint venture agreement

In April 2017, Rubicon Global Pty Ltd (**Rubicon Global**) and Gansu Water Saving Technology Development Co Ltd (**Gansu Water Saving**) entered into an Incorporated Equity Joint Venture Agreement in relation to the joint venture entity, Gansu Hua Lu Water Technology Co Ltd (**Gansu JV Entity**). The Directors believe that each of Rubicon Global and Gansu Water Saving have the financial capacity to carry out their obligations under the joint venture.

The key terms of the Gansu joint venture are set out below.

Purpose	Among other purposes, developing and promoting the implementation of modernised open-channel irrigation infrastructure in Gansu Province to the benefit of government, citizens and the environment, increasing producing yield and farming income.
Term	This agreement is current and remains on foot until terminated.
Termination	Either party may terminate for force majeure, default, bankruptcy or winding up of the other party.
Shareholding	Each of Rubicon Global and Gansu Water Saving hold 50% of the joint venture entity.
Funding obligations	The Annual Budget (as approved by the JV Board) sets out any additional cash contributions that are required to be paid by the Shareholders and the timing of those contributions. The Shareholders are obliged to pay those contributions at the times specified. The JV Board must approve any expenditure that would exceed the amounts approved in the Annual Budget.
Restraint	<p>Both parties will not enter into any other joint ventures or other arrangements for the provision of comparable goods or services into Gansu.</p> <p>During the term of the agreement, Rubicon Global will not invest or build factories in the province of Gansu, except through the Gansu JV Entity, nor will Rubicon sell its products or accessories within Gansu except through the Gansu JV Entity without prior approval. Gansu Water Saving will not purchase other equivalent hardware or similar technology or not invest or be associated with other companies of similar technology both within Gansu and external to the province of Gansu.</p>
Default	<p>If either party defaults under the Gansu joint venture agreement, the non-defaulting shareholder may acquire the shareholding of the defaulting shareholder at a price determined as 80% of the mean of two valuations of the value of those shares.</p> <p>A shareholder will default if:</p> <ul style="list-style-type: none">• they transfer any or all of its shares other than in accordance with the agreement;• that shareholder fails to make any payment owing to the Gansu JV Entity;• that shareholder continues to breach any obligation under the agreement after receiving 14 days' notice to remedy the breach; or• the shareholder becomes bankrupt or insolvent, or an order is made for the winding up or dissolution of the shareholder.
Pre-emptive rights	A transfer of shares to a third-party will be subject to the pre-emptive rights of the other shareholders in proportion to their respective shareholdings.
Limitation of Liability	Any loss or liability arising out of the joint venture entity shall be shared between the parties in proportion to their respective shareholdings.

9. Additional information continued

Intellectual property

Except as otherwise agreed by the board of the Gansu JV Entity, all intellectual property created by the Gansu JV Entity during the term of the agreement remains the property of the Gansu JV Entity.

Any intellectual property introduced by a shareholder remains the property of that shareholder and shall be returned to the shareholder as soon as practicable after the end of the agreement.

Any intellectual property developed by a shareholder for the benefit of the Gansu JV Entity remains the property of the shareholder that developed it.

9.7.2 Other contracts

9.7.2.1 Equity offer to Tsinghua University

Rubicon Global and its Chinese joint venture partner, Gansu Water Saving, entered into an agreement with Tsinghua University (**10% Equity Agreement**), under which a 10% equity stake in the Gansu JV Entity was offered to Tsinghua University in return for Tsinghua University's contribution of certain intellectual property rights to the Gansu JV (**Equity Offer**). The Equity Offer is indefinite and has not yet been implemented, as it is subject to acceptance by Tsinghua University.

If accepted by Tsinghua University, Rubicon Global's 50% equity in the joint venture entity will be diluted to 45% and Tsinghua University will have one board seat (out of five). In addition, Tsinghua University would acquire a veto right on the board of directors, assuming that the existing board approval mechanism continues (i.e. that all matters require unanimous board approval).

The Directors believe that it is unlikely that the Equity Offer will be taken up by Tsinghua University, as the 10% Equity Agreement was entered into to secure the Group's commercial advantages to involve Tsinghua University in the joint venture entity in Gansu and Tsinghua University will not have an operational role in the Gansu JV Entity.

9.7.2.2 GMW maintenance contract

Rubicon Services Pty Ltd (**Rubicon Services**) and Goulburn-Murray Rural Water Corporation (**GMW**) entered into a Maintenance & Support Agreement.

The key terms of the Maintenance & Support Agreement are set out below:

Purpose	Rubicon Services provides maintenance and support services for channel automation technologies and other technologies supplied by Rubicon Services to GMW.
Term	The agreement has expired, however, the parties continue to perform their obligations under it. The parties are negotiating revised terms.
Termination	<p>GMW can terminate the agreement for convenience by providing 90 days' notice to Rubicon Services (with such termination to take effect after the end of the initial term of the agreement).</p> <p>GMW may terminate the agreement by notice if:</p> <ul style="list-style-type: none">• Rubicon Services is unable or unwilling to provide the maintenance and support services;• any payment due from Rubicon Services remains unpaid for 60 days; or• Rubicon Services is in breach of a material term of the agreement and such breach is not remedied within 30 days of written notice. <p>Rubicon Services may also terminate the agreement by notice in writing if GMW fails to pay amounts due under the agreement and those amounts remain overdue for a period of at least 60 days, in which case Rubicon Services may terminate on 30 days' notice after the expiration of 5 business days following service of the demand if the demand is not met within that 5 business day period.</p> <p>Either party can terminate the agreement immediately on notice if there is a risk that Rubicon Services is or will become unable to pay its debts as they fall due, or a step is taken to have a receiver or liquidator appointed to Rubicon Services or any of its assets.</p> <p>If a delay due to a force majeure event exceeds 30 days, GMW may terminate the agreement immediately on providing notice to Rubicon Services.</p>

Restraint	<p>Neither party can directly or indirectly solicit the employment of any personnel of the other party (this does not prevent the employment of personnel who responded to publicly advertised positions).</p> <p>Rubicon Services is restrained from engaging in any activity that is likely to compromise its ability to fairly and independently perform its obligations under this agreement.</p> <p>Where there is a conflict of interest, Rubicon Services must inform GMW of such circumstances.</p>
Indemnity and liability	<p>Rubicon Services agrees to indemnify, hold harmless and defend GMW and its personnel against all losses suffered or incurred by any of those indemnified as a result of any demand, suit, action, claim, or proceeding against any of those indemnified where the losses arise as a direct or indirect result of:</p> <ul style="list-style-type: none"> • any wilful misconduct or unlawful act or omission by Rubicon Services or its personnel (including sub-contractors); • damage to property caused by Rubicon Services; • personal injury, including sickness and death and loss consequential upon the personal injury, sickness or death; • any third party claim arising out of a breach of the agreement by Rubicon Services or any negligent act or omission of Rubicon Services; or • any infringement or alleged infringement of the intellectual property rights, or any other rights of any person, including any third party, as result of the use of items delivered to GMW or receipt of the services by GMW. <p>Rubicon Services must, at its own expense, conduct the defence of a claim by a third party which alleges infringement of a third party's intellectual property rights as a result of the use of items delivered to GMW or receipt of the services by GMW. Rubicon Services must not settle any claim against GMW without the written consent of GMW.</p> <p>The total liability for each party under the agreement is limited to \$4,150,000. The total liability for property damage caused by Rubicon Services is limited to \$50,000,000.</p>
Other	<p>Rubicon Services must deliver a parent company guarantee to GMW in the form specified in the agreement.</p>

9.7.2.3 Motorola contract

Motorola Solutions Australia Pty Ltd (**Motorola Solutions**) and Rubicon Services Australia entered into a Dealership Agreement.

Key terms of the Dealership Agreement include:

Purpose	<p>Motorola Solutions is seeking to expand its distribution channels to promote the sale of Motorola Solutions products or services and has engaged Rubicon Services Australia to solicit other customers and develop other markets within a designated product track and geographical area as set out in the Dealership Agreement.</p>
Term	<p>This agreement is current and will remain on foot until terminated.</p>

9. Additional information continued

Termination	<p>Either party may terminate the agreement with or without cause by providing 30 days' notice.</p> <p>Motorola Solutions may terminate the agreement immediately upon the occurrence of a number of events, including:</p> <ul style="list-style-type: none"> • failure by Rubicon Services Australia to meet a performance standard; • Rubicon Services Australia's violation of certain obligations relating to the sale and distribution of products outside of the market, the purchase of products for resale to end-users and authorisation resellers and the purchase of products from within the market; • failure by Rubicon Services Australia to pay Motorola Solutions an invoice which amounts to damages that Motorola Solutions would receive due to Rubicon Services Australia's failure to comply with terms relating to the sale of products; • Rubicon Service Australia's breach of provisions under this agreement relating to "Confidentiality", "Motorola Solutions Trademarks and Service Marks", "Ethical Standards and Background Information" and "Export Controls"; • any material or misrepresentation in the information provided to Motorola Solutions in the process of becoming a dealer; • failure by Rubicon Services Australia to cure a breach of provisions (other than the provisions mentioned above) within 30 days; • upon a change in control or management of Rubicon Services Australia which has not been informed to or is not acceptable to Motorola Solutions.
Indemnities	<p>Rubicon Services Australia indemnifies Motorola Solutions and its affiliates for certain losses incurred in relation to Rubicon Services Australia's performance of the Dealership Agreement.</p>

9.7.2.4 KBJNL Works Contract

The Medha JV Entity was awarded a contract by Krishna Bhagya Jala Nigam Limited (**KBJNL**)¹³⁴ in February 2019 to provide design, manufacturing, supply, installation, operation and maintenance services (**KBJNL Works Contract**).

Key terms of the KBJNL Works Contract are set out below:

Purpose	Design, manufacturing, supply, installation, operation and maintenance of an automated channel network system including maintenance of the system for 5 years.
Term	<p>The KBJNL Works Contract is current.</p> <p>The anticipated term was 24 months commencing from 21 February 2019 for execution of works and 5 years maintenance after successful completion of the works.</p> <p>The time period for commissioning of the scheme under the KBJNL Works Contract has been extended from 21 February 2021 to 20 February 2022 in view of COVID-19 pandemic related exigencies.</p>
Termination	Upon expiry of the Term or if KBJNL rescinds the KBJNL Works Contract in writing for any delay or breach.

134. An undertaking owned and controlled by the Government of Karnataka.

Key Terms

- The KBJNL Works Contract stipulates a term of 2 years within which the in-scope scheme is to be commissioned. The notice to commence work was issued in February 2019.
- Works are required to be executed in accordance with the detailed technical specifications accompanying the tender document, designs, drawings, and other instructions in writing issued by KBJNL.
- The KBJNL Works Contract binds all partners, in case of a joint venture, but the partner-in-charge (Medha, in this case) would be authorised to incur liabilities and receive instructions on behalf of any and all partners of the joint venture.
- All partners of the joint venture will be jointly and severally liable for execution of the works under the KBJNL Works Contract.
- Any shortfall in progress in execution of the works may have consequences including the following:
 - Attract a penalty of 1% of the estimated cost of the balance work, accruing every day, up to a maximum of 7.5% of the estimated contract price/cost of the entire work.
 - KBJNL may assert any claim and deduct any losses or expenses incurred on account of any unsatisfactory performance of works, from dues owed to the contractor (Medha), including as a set off against the security deposit provided under the KBJNL Works Contract.
 - KBJNL may also rescind the contract by providing a notice in writing in case of any delay or breach.
 - KBJNL has the power to take possession of or require removal of, or sell the contractor's property including all tools, plant, materials, stores, etc., on the site.
- Under Clause 5 of General Conditions of the KBJNL Works Contract, timelines for completion of the project may be extended by designated officials of KBJNL upon request made in writing.

Other

Medha, Rubicon Equipment India and Rubicon Systems (Holdings) have entered into a Deed of Mutual Indemnification with respect to their arrangement in relation to the KBJNL Works Contract. Under the Deed of Mutual Indemnification the parties have joint and several liability towards any liability incurred under the KBJNL Works Contract.

9.7.2.5 KBJNL Supply Agreement

The KBJNL Supply Agreement sets out the terms on which Rubicon Equipment India will supply Rubicon equipment and services to Medha, consistent with and pursuant to the terms of the KBJNL Works Contract described in Section 9.7.2.4 above (**KBJNL Supply Agreement**).

Key terms of the KBJNL Supply Agreement are set out below:

Purpose

To set out terms on which Rubicon Equipment India will supply Rubicon equipment and services to Medha, pursuant to the terms of the KBJNL Works Contract.

Term

Until terminated in accordance with the termination clause.

Termination

The KBJNL Supply Agreement will terminate:

- upon termination of the KBJNL Works Contract by KBJNL followed by a written notice of 10 days by either party;
- either party being subjected to any form of insolvency or bankruptcy action (which is not dismissed within 60 days); or
- any step being taken against a party by a mortgagee or receiver to take possession or dispose of the whole or any part of its assets.

9. Additional information continued

Key Terms	<ul style="list-style-type: none"> Rubicon Equipment Limited is required to provide the products, software, and services in a manner which enables Medha to comply with the KBJNL Works Contract in all respects, including schedule of supply, compliance with the requirements of the KBJNL Works Contract and all other terms contained in the KBJNL Works Contract in all respects as if it were a party to that contract in place of Medha. Rubicon Equipment Limited has granted to Medha the right to grant a perpetual, non-exclusive and non-transferable enterprise license to KBJNL on the terms set in the agreement.
Indemnity and Limitation of Liability	Rubicon Equipment Limited is required to defend any suit against KBJNL based on a claim by any person that any item of software or products provided by Rubicon Equipment Limited, infringes third party intellectual property rights. Further, Rubicon Equipment Limited has, subject to certain exceptions, agreed to indemnify KBJNL for any cost or damages awarded in any such suit.

9.8 Voluntary escrow arrangements

9.8.1 Escrow arrangements

The following Existing Shareholders are subject to voluntary escrow arrangements:

Shareholder	Number of Escrowed Shares	% post-IPO	Escrow Period
Gordon Dickinson and associated entities	22,189,661	100.0%	Until 9.00am on the day after the Company releases to the ASX its preliminary final report (being the Company's Appendix 4E) for the financial year ending 30 June 2022
Bruce Rodgerson and associated entities	16,386,187	100.0%	As above
David Aughton and associated entities	19,825,759	100.0%	As above
Other Existing Shareholders	65,031,694	92.8%	The period commencing on the Issue Date and ending at 9.00am on the day after the Company releases to the ASX its preliminary half-year financial statements (being the Company's Appendix 4D) for the half year ending 31 December 2021
TOTAL	123,433,301	96.1%	–

Each Escrowed Shareholder has agreed to enter into an Escrow Deed in respect of their Shareholding on Completion of the Offer (other than Shares acquired under the Offer), which prevents them from "dealing" with their respective Escrowed Shares for the applicable Escrow Period as described above. Shares otherwise acquired under the Offer will not be subject to voluntary escrow.

9.8.2 Terms of the voluntary escrow

The restriction on dealing is broadly defined in the voluntary Escrow Deeds. The Escrowed Shareholders are restricted from, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Shares, encumbering or granting a security interest over the Escrowed Shares, granting an option in respect of the Escrowed Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of, or any legal or beneficial or economic interest in, any of the Escrowed Shares or agreeing to do any of those things.

9.8.3 Exceptions

During the Escrow Period, Escrowed Shareholders whose Shares remain subject to escrow may deal in any of their Escrowed Shares as follows:

- if the dealing arises solely as a result of:
 - the acceptance of a bona fide third-party offer under a takeover bid, provided that the holders of at least half of the Shares that are not subject to any voluntary escrow deed, and to which the offers under the bid relate, have accepted the bid; or
 - the transfer or cancellation of the Escrowed Shares as part of a scheme of arrangement under Part 5.1 of the Corporations Act, provided that the scheme of arrangement has received all necessary approvals;
- a transfer (in one or more transactions) of any or all Escrowed Shares to an affiliate of the holder, provided that:
 - such affiliate agrees to be bound by the terms and conditions of the voluntary escrow arrangement (and the Company does not seek to require any change to the remaining duration or nature of the restrictions); and
 - the transfer does not result in a change to the beneficial ownership of the Escrowed Shares;
- an encumbrance of Escrowed Shares to a bona fide third-party financial institution as security for a loan, hedge or other financial accommodation;
- as required by law, including by an order of a court of competent jurisdiction (provided in this case that any recipient of the Escrowed Shares will no longer be bound by any holding lock or restrictions on dealing); or
- a transfer by the personal representative of the Escrowed Shareholder to whom the Escrowed Shares have been bequeathed.

9.9 Finance arrangements

Rubicon has entered into a facility agreement with The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch (**Lender**) for the provision of debt financing for \$49.9 million, comprising a two year multi option revolving facility (**Banking Facility**). Funding provided under the Banking Facility will be used for general corporate purposes and working capital. Part of the Banking Facility is used to pay a pre-IPO dividend which can only be drawn down upon confirmation of the IPO being fully underwritten and must be repaid within 3 months of drawdown from proceeds of the IPO.

Subject to customary carve outs, the Banking Facility will be guaranteed by subsidiaries of the Group whose aggregate EBITDA and total assets represent at least 90% of the EBITDA and total assets of the Group or each Group member whose EBITDA or total assets represent equal to or greater than 5% of EBITDA or 5% of total assets of the Group.

The Lender under the Banking Facility will have a general security over all of the assets of the Group members who are guarantors.

The Banking Facility will attract a commitment fee on undrawn commitments at a rate of 45% of the Banking Facility margin. Rubicon will also be required to pay an upfront fee of \$144,000 at financial close.

Rubicon has made a number of customary representations, warranties and information undertakings and are subject to a number of customary events of default and review events.

9.10 Litigation and claims

The Company may, from time to time, be party to litigation and other claims and disputes incidental to the conduct of its business, including employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Company's business, operating and financial performance.

The Company does not believe it is a party to any litigation, claim or disputes potentially or otherwise that could materially adversely affect its business, operating or financial performance.

9.11 Ownership restrictions

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 9.11 contains a general description of these laws.

9. Additional information continued

9.11.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

9.11.2 Foreign Acquisitions and Takeovers Act 1975 (Cth) and Federal Government Foreign Investment Policy

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**), where the acquisition meets a threshold value (which varies by investor type and industry). Where a foreign person holds a Substantial Interest in the Company or foreign persons hold an Aggregate Substantial Interest in the Company, the Company will be a "foreign person" for the purposes of FATA.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A "direct interest" is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification.

9.12 Regulatory relief

9.12.1 ASIC exemptions and relief

The Company received relief to extend the benefit of ASIC Class Order 14/1000 to the grant of Shares and Performance Rights under the ESP and the Incentive Plan.

9.12.2 ASX waivers and confirmation

The Company has received in-principle waivers and confirmations from the ASX in respect of the following ASX Listing Rules:

- confirmation that the Company may seek admission to the official list of ASX under the profits test in Listing Rule 1.2;
- confirmation that the form of the proposed constitution of the Company is acceptable to ASX pursuant to Listing Rule 1.1 (condition 2);
- a waiver in respect of Listing Rule 1.1 (condition 12) in relation to the nil exercise price of Performance Rights granted under the Performance Rights Grant and a confirmation that the terms of the Performance Rights are appropriate and equitable for the purposes of Listing Rule 6.1;
- confirmation that Listing Rule 7.1 will not apply in relation to the issue of Shares and Performance Rights under the ESP Grant, CEO Share Grant and Performance Rights Grant;
- confirmation that the timetable for the Offer is acceptable to ASX for the purposes of Listing Rule 7.40;
- confirmation that a waiver from Listing Rule 10.11 is not required in relation to the issue of Performance Rights under the Performance Rights Grant; and
- confirmation that a waiver from Listing Rule 10.14 is not required in relation to the issue of Performance Rights under the Performance Rights Grant.

In addition, the ASX has provided in-principle advice that it is not aware of any reasons that would cause the Company not to have a structure and operations suitable for a listed entity for the purposes of Listing Rule 1.1 (Condition 1) or that would cause ASX to exercise its discretion to refuse admission to the official list under Listing Rule 1.19. This in principle advice is not a guarantee that the Company will be admitted to the official list.

9.13 Taxation considerations

9.13.1 Introduction

The comments in this Section 9.13 provide a general outline of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus. The categories of Shareholders considered in this summary are limited to individuals, companies (other than insurance companies), trusts, partnerships and complying superannuation entities which hold their Shares on capital account for Australian income tax purposes.

The summary does not consider the consequences for foreign resident Shareholders, insurance companies, banks, Shareholders that hold their Shares on revenue account or carry on a business of trading shares, Shareholders who are exempt from Australian tax or shareholders subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**) (**TOFA Regime**), which have made elections to apply the fair value or reliance on financial reports methodologies. Applicants falling into these categories should obtain their own advice.

This summary is based on the law in Australia in force at the time of issuance of this Prospectus. Australian tax laws are complex. It also does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each shareholder's specific circumstances.

Applicants should seek professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

9.13.2 Shares acquired

The acquisition of Shares will constitute an equity interest for Australian tax purposes. There are no immediate income tax consequences to the acquirer on the acquisition of equity interests.

9.13.3 Dividends paid to Australian tax-resident Shareholders

9.13.3.1 Australian tax-resident individuals and complying superannuation entities

Dividends paid by the Company on a Share will constitute assessable income of an Australian tax resident shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit(s) attached to that dividend.

In some cases, superannuation funds may be exempt to the extent the Shares are held to support current pension liabilities. In most cases shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend, subject to being a 'qualified person' (as discussed below at Section 9.13.3.4). The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, such Shareholders should be entitled to a tax refund.

To the extent that the dividend is unfranked, the Shareholder will generally be taxed at their prevailing marginal rate on the dividend received with no tax offset.

9.13.3.2 Australian tax-resident corporate Shareholders

Australian tax resident corporate Shareholders are also required to include both the dividend and associated franking credit in their assessable income.

They are then allowed a tax offset up to the amount of the franking credit on the dividend. An Australian tax resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit on the distribution received. This should allow the corporate Shareholder to pass on the benefit of the franking credits to its own shareholder(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund for a company but may in certain circumstances be converted into carry forward tax losses and offset against future taxable profits (subject to the loss testing rules for companies).

9. Additional information continued

9.13.3.3 Australian tax-resident trusts and partnerships

Shareholders who are Australian tax resident trusts and trustees (other than trustees of complying superannuation entities) or partnerships should include both the dividend and the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership, subject to certain requirements being satisfied.

The application of the Australian taxation laws to trusts with regards to the taxation of dividends is complex. Applicants should seek advice to confirm the appropriate taxation considerations and treatment.

9.13.3.4 Shares held 'at risk'

The benefit of franking credits can be denied where a Shareholder is not a 'qualified person' in which case the Shareholder will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person', a Shareholder must satisfy the holding period rule and, to the extent necessary, the related payment rule.

Subject to the related payment rule (refer below), under the holding period rule, an investor is required to hold shares 'at risk' for more than 45 days continuously (which is measured as a period of at least 45 days commencing the day after the shares were acquired and at the latest ending on the 45th day after the day on which the shares become ex-dividend) in order to qualify for franking benefits, including franking credits. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over shares or entering into a contract to sell the shares) may not be counted as a day on which the investor held the shares 'at risk'. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000.

Special rules apply to trusts and beneficiaries. Specifically, there are particular difficulties in satisfying the holding period rule where an investor holds shares through a discretionary trust where no family trust election has been made. It may be the case that the holding period rule cannot be satisfied (except in the case of individual beneficiaries who have franking credit entitlements that do not exceed \$5,000 in a year). If you are the trustee of a discretionary trust, it is strongly recommended that you seek professional advice.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the shares at risk for the continuous 45 day period as above and, more specifically, within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the Shares become ex-dividend.

Applicants should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

9.13.3.5 Dividend washing

The Australian Government has introduced specific integrity rules that may apply to deny franking tax offsets to certain "dividend washing" arrangements. Broadly, dividend washing (or 'distribution washing') is a type of scheme by which a taxpayer can obtain multiple franking credits in respect of a single economic interest by selling an interest after an entitlement to a franked distribution has accrued and then immediately purchasing an equivalent interest with a further entitlement to a corresponding franked distribution. Applicants should have regard to these changes in considering the tax implications of their personal circumstances.

9.13.4 Disposal of Shares by Australian tax resident Shareholders

Australian tax resident Shareholders that hold their Shares on capital account will be subject to Australian Capital Gains Tax (CGT) on the disposal of the Shares. Some Shareholders may hold Shares on revenue account, as trading stock or under the TOFA regime. Applicants should seek their own advice.

The disposal of Shares held on capital account would result in a CGT event occurring at the earlier of the time when a contract to dispose of the shares was entered into or the time at which disposal occurs. A Shareholder will:

- derive a capital gain on the disposal of a particular Share where the capital proceeds received on disposal exceeds the CGT cost base of the Share; and/or
- incur a capital loss where the capital proceeds received on the disposal of the Shares are less than the reduced cost base of the Share.

The CGT cost base of the Share(s) is broadly the amount paid to acquire the Share(s) plus any transaction/incidental costs. The CGT cost base of the Share(s) may be reduced as a result of receiving non-assessable distributions, such as returns of capital. In an arm's length transaction, the capital proceeds should generally be the cash proceeds received from the sale of Share(s).

A CGT discount may be available on the capital gain for individual investors, trustee investors and investors that are complying superannuation entities, broadly where the particular Shares are held for at least 12 months prior to sale. Any current year or carry forward capital losses should offset the capital gain first before the CGT discount can be applied.

The CGT discount for individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) is 50%, and for complying superannuation entities is one-third. The CGT discount is not available to corporate Shareholders (including those deemed to be corporate shareholders).

In relation to trusts, the rules are complex, but the benefit of the CGT discount may be flowed up to beneficiaries of the trust, subject to certain requirements being satisfied.

If an investor derives a net capital gain in a year, this amount is included in the investor's assessable income. If an investor incurs a net capital loss in a year, this amount can be carried forward and will only be deductible against capital gains derived in subsequent years, subject in some cases to the investor satisfying certain rules relating to the recoupment of carried forward losses. Trusts are not subject to tax loss recoupment rules in relation to net capital losses.

9.13.5 Quotation of Australian Business Number (ABN) and Tax file number (TFN)

A Shareholder is not required to quote their TFN, or where a shareholder holds Shares as part of an enterprise, their ABN, to the Company. However, if TFN, ABN or exemption details are not provided, Australian tax may be required to be deducted by the Company at the maximum marginal tax rate (currently 45% plus 2% Medicare levy) from certain dividends paid.

No withholding requirement applies in respect of fully franked dividends paid by the Company on the Shares.

9.13.6 Stamp duty

No Australian stamp duty should be payable by shareholders in respect of the Offer or their acquisition or disposal of their Shares in the Company whilst it is a listed company. Investors should seek their own advice on the impact of stamp duty, depending on their own particular circumstances.

9.13.7 Australian goods and services tax (GST)

The acquisition of the Shares by an Australian resident (that is registered for GST) should be an input taxed financial supply, and therefore should not be subject to GST.

No GST should be payable in respect of dividends paid to investors.

An Australian resident investor that is registered for GST may not be entitled to claim full input tax credits in respect of GST on expenses they incur that relate to the acquisition, redemption or disposal of the Shares (e.g. lawyers' and accountants' fees).

Applicants should seek their own advice on the impact of GST in their own particular circumstances.

9.14 Selling restrictions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer of Shares in any jurisdiction in which, or to any person to whom, it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

9. Additional information continued

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

India

This document does not constitute an offer of securities to the public in India nor a prospectus under the Companies Act, 2013 (India), as amended, or an advertisement, and should not be circulated to any person other than to whom the offer is made. This document has not been, and will not be, registered as a prospectus with the Registrar of Companies in India. This document may not be issued, circulated or distributed, directly or indirectly, to the public in India. Further, the New Shares may not be offered, directly or indirectly, in India, to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is being made strictly on a private and confidential basis and is not an offer to the public in India. This document is not intended to be circulated to more than 200 persons in India on an aggregate basis who are not qualified institutional buyers. It does not constitute, and shall not be deemed to constitute, an offer or an invitation to subscribe to the securities to the public in general.

This document does not purport to contain all the information that any eligible investor may require. Apart from this document, no other offer document has been prepared in connection with the offer of New Shares nor is such offer document or prospectus required to be registered under applicable laws. Accordingly, this document has neither been delivered for registration nor is it intended to be registered with any authority in India.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an “institutional investor” (as defined in the SFA) or (ii) an “accredited investor” (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

9.15 Consents to be named and disclaimers of responsibility

Each of the parties listed below in this Section 9.15 each a consenting party, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility, for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Bell Potter Securities Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Lead Manager to the Offer in the form and context in which it is named;
- Gilbert + Tobin has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation matters) to the Company and SaleCo in relation to the Offer in the form and context in which it is named;
- Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context in which it is named and to the inclusion of its Investigating Accountant’s Report on the Financial Information set out in Section 4 in the form and context in which it appears in this Prospectus;
- KPMG has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as tax adviser to the Company in the form and context in which it is so named;
- Deloitte Touche Tohmatsu has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to the Company in the form and context in which it is so named;
- Flagstaff Partners has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as financial advisor to the Company in the form and context in which it is so named; and
- Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Share Registry of the Company in the form and context in which it is named. Computershare Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to the Company. Computershare Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

9.16 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under the Prospectus are governed by the laws applicable in Victoria, Australia and each Applicant submits to the exclusive jurisdiction of the courts of Victoria, Australia.

9.17 Statement of directors

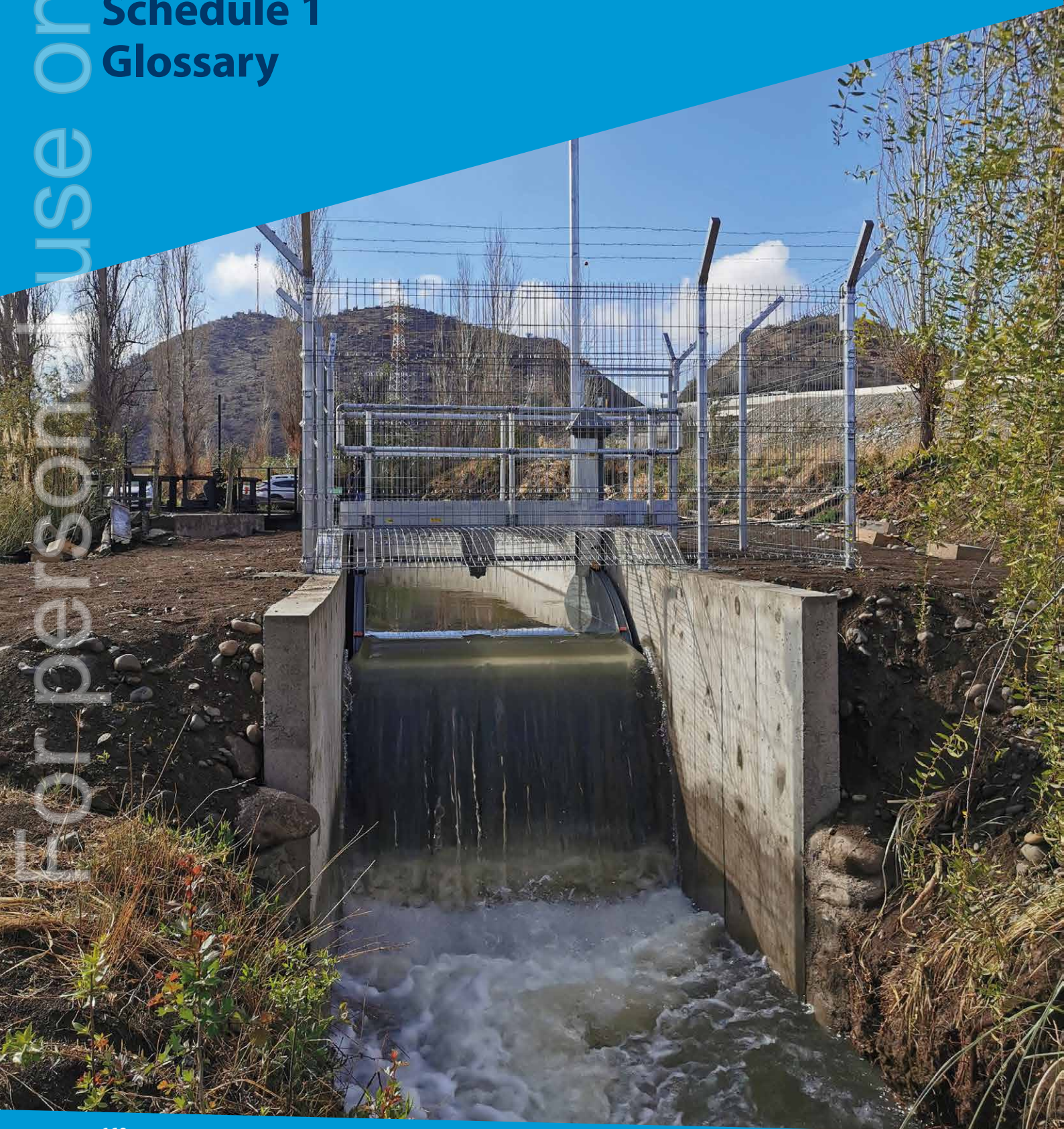
This Prospectus is authorised by each director of the Company and each SaleCo Director, who consents to its lodgement with ASIC and its issue.

Each Director confirms that they have made enquiries and nothing has come to their attention to suggest that the Company is not continuing to earn profit from continuing operations up to the date of this Prospectus.



RUBICON™

Schedule 1 Glossary



Schedule 1 Glossary

Term	Meaning
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
API	Application programming interface
Applicant	A person who submits an Application
Application	An application made to subscribe for Shares offered under this Prospectus
Application Form	The application form attached to or accompanying this Prospectus and any replacement prospectus (including the electronic form provided by an online application facility)
Application Monies	The amount of money accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The rules of the ASX that govern the admission, quotation and removal of securities from the ASX official list
ASX Recommendations	The fourth edition ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Operating Rules	The settlement rules of ASX as amended, varied or waived from time to time
Audit and Risk Management Committee	The committee described in Section 6.8.2
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group interpretations
Board	The board of directors of the Company
Broker	Any ASX participating organisation selected by the Lead Manager and the Company to act as a Broker to the Offer
Broker Firm Offer	The offer of Shares under this Prospectus to Retail Offer Investors who are clients of Brokers and who have received a firm allocation from their Broker as detailed in section 7.3
Broker Firm Offer Applicant	A person who submits an Application under the Broker Firm Offer
Business	The business carried on by the Group
CAGR	Compounded average growth rate
CHESS	Clearing House Electronic Subregister System, operated in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules

Schedule 1 Glossary continued

Term	Meaning
Closing Date	The date on which the Offer is expected to close, being 26 August 2021 in respect of the Retail Offer and the Institutional Offer. These dates may be varied without prior notice
CNC	Computer Numerical Control
Company	Rubicon Water Limited (ACN 651 852 470)
Completion	The completion of the Offer, being the date upon which Shares are issued to Successful Applicants in accordance with the terms of the Offer
Constitution	The constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
COVID-19	The infectious disease caused by the coronavirus, SARS-CoV-2, a respiratory pathogen, declared a pandemic by the World Health Organisation on 11 March 2020 Where the context refers to the impact of COVID-19, the expression includes the impact of various governmental or regulatory responses to COVID-19
Directors	Each of the directors of the Company from time to time
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eligible Employee	Rubicon's permanent Australian-resident employees
Employee Gift Offer	The offer of Shares to Eligible Employees as described in Section 7.5
Enterprise Value	The sum of market capitalisation at the Offer Price and pro forma net debt
EPS	Earnings per share
Escrow Deeds	The escrow deeds entered into between the Company and the Escrowed Shareholders as described in Sections 7.9 and 9.8
Escrow Period	The relevant period commencing on Completion and ending on the applicable dates set out in Section 9.8
Escrowed Shares	Each of the Shares held by the Escrowed Shareholders at Completion of the Offer (other than any Shares issued in connection with the Offer)
Escrowed Shareholders	Existing Shareholders that have entered into a voluntary escrow deed with the Company in relation to their Shares, as described in Section 9.8
Existing Shares	The Shares held by the Existing Shareholders
Existing Shareholders	Those persons holding Shares as at the Original Prospectus Date
Exposure Period	The seven day period after the Prospectus Date, which may be extended by ASIC for up to an additional seven days

Term	Meaning
FATA	<i>Foreign Acquisitions and Takeovers Act 1975 (Cth)</i>
Financial Information	Has the definition given in Section 4.1
Flagstaff Partners	Flagstaff Partners Pty Ltd, the financial adviser to the Company for the Offer
FY	Year to 30 June
Forecast Financial Information	Has the definition given in Section 4.1
GDP	Gross Domestic Product
Group	The Company and each of its subsidiaries
Group Company	Has the definition given in Section 6.3.2.4
GST	Goods and services tax
Historical Financial Information	Has the definition given in Section 4.1
IFRS	International Financial Reporting Standards
Implementation Deed Poll	The implementation deed poll under which Rubicon Systems (Holdings) agrees to undertake certain capital re-organisation actions and the Company irrevocably offers to acquire all of the existing shares in Rubicon Systems (Holdings) from the Existing Shareholders, as described in Section 9.4.
Industry Data	Data relating to the industries, segments, sectors and channels in which the Company operates
Incentive Plan	The employee equity incentive plan described in Section 6.5
Incentive Plan Grant	The initial grant of Performance Rights made by the Company to certain employees under the terms and conditions of the Incentive Plan as described in Section 6.5
Incentive Plan Grant Participants	Employees, contractors, officers, and senior managers of the Company who are eligible to receive the Incentive Plan Grant as described in Section 6.5.2
Incentive Plan Rules	The rules of the Incentive Plan as described in Section 6.5.1
Institutional Investor	<p>Investors who are:</p> <ul style="list-style-type: none"> persons in Australia who are wholesale clients under section 761G of the Corporations Act and either “professional investors” or “sophisticated investors” under sections 708(11) and 708(8) of the Corporations Act; institutional investors in certain other jurisdictions, as agreed by the Company and the Lead Manager to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing in its discretion to comply); and provided that in each case such investors are not in the United States

Schedule 1 Glossary continued

Term	Meaning
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.6
Investigating Accountant	Deloitte Corporate Finance Pty Limited
IoT	The “Internet of Things”, a system of interrelated, internet-connected objects that are able to collect and transfer data over a wireless network without human intervention
ISO-9001	ISO-9001, an internationally recognised Quality Management System (QMS) accreditation
IP	Intellectual property
JV	Joint venture
KBJNL	Krishna Bhagya Jala Nigam Limited
KPMG	KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee
Lead Manager	Bell Potter Securities Limited.
Listing	Admission of the Company to the Official List of the ASX
LoRaWAN	A point-to-multipoint networking protocol
Material Contracts	The voluntary escrow deeds entered into by the Selling Shareholders, the Implementation Deed Poll, the Shareholder Deed Polls, the Share Sale Deed Polls and those other contracts disclosed at Section 9.7.
Medha JV Entity	Medha Rubicon Water Technology Private Limited
Millennium Drought	The “Millennium Drought” (2001–2009) can be described as the worst drought on record for southeast Australia ¹³⁵
Murray Darling Basin	The Murray–Darling Basin, a large area of south-eastern Australia where water flows through a system of interconnected rivers and lakes
National Water Initiative	The National Water Initiative, a shared commitment by governments to increase the efficiency of Australia's water use, leading to greater certainty for investment and productivity, for rural and urban communities and for the environment
New Shares	The new Shares to be issued by the Company under the Offer
New Shareholders	Persons acquiring Shares under the Offer (excluding any Existing Shareholders who acquire Shares under the Offer)
Nomination and Remuneration Committee	The committee described in Section 6.8.2

135. van Dijk, A. I. J. M., Beck, H. E., Crosbie, R. S., de Jeu, R. A. M., Liu, Y. Y., Podger, G. M., Timbal, B., and Viney, N. R. (2013), The Millennium Drought in southeast Australia (2001–2009): Natural and human causes and implications for water resources, ecosystems, economy, and society, *Water Resour. Res.*, 49.

Term	Meaning
NPAT	Net profit after tax
Offer	The offer under this Prospectus of New Shares for issue by the Company and of Existing Shares by SaleCo
Offer Period	The period from the Opening Date, and ending on the Closing Date
Offer Price	\$1.00 per Share
Official List	The official list of the ASX
Opening Date	The date on which the Retail Offer opens, being 20 August 2021
Participant	Certain employees and Executive Directors of the Company entitled to participate in the Incentive Plan as described in Section 6.5
Performance Rights	Rights to acquire Shares in the Company offered to Participants under the terms and conditions of the Long Term Incentive Plan as described in Section 6.5
Priority Offer	The component of the Offer under which investors who have received a Priority Offer Invitation are invited to apply for Shares, as described in Section 7.4
Priority Offer Applicant	A person who submits an application under the Priority Offer
Priority Offer Invitation	The invitation under this Prospectus to selected investors in Australia and certain other jurisdictions to participate in the Priority Offer on a firm basis up to the allocation of Shares determined by the Company
Pro Forma Forecast Cash Flows	Has the meaning given in Section 4.1
Pro Forma Forecast Financial Information	Has the meaning given in Section 4.1
Pro Forma Forecast Results	Has the meaning given in Section 4.1
Pro Forma Historical Balance Sheet	Has the meaning given in Section 4.1
Pro Forma Historical Cash Flows	Has the meaning given in Section 4.1
Pro Forma Historical Results	Has the meaning given in Section 4.1
Proper ASTC transfer	Has the meaning given in the <i>Corporations Regulations 2001</i> (Cth) reg 1.0.12
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being 12 August 2021

Schedule 1 Glossary continued

Term	Meaning
Research and Development expense or R&D	Research and development
Retail Offer	Together, the Broker Firm Offer, Priority Offer and Employee Gift Offer
Retail Offer Investor	An Australian resident who is not in the United States and is not an Institutional Investor or a Broker
Rubicon	The Company and its controlled entities post-Completion of the Offer and, where the context requires, the businesses conducted by those companies
Rubicon Systems (Holdings)	Rubicon Systems (Holdings) Pty Ltd (ACN 106 485 474), the current head company of the group, as at the date of this Prospectus
SaaS	"Software as a Service", a software distribution model in which a cloud provider hosts applications and makes them available to end users over the internet
SaleCo	Rubicon SaleCo Limited ACN 651 851 875
SCADA	Supervisory Control and Data Acquisition ("SCADA"), a system that aims to monitor and control field devices at remote sites
Selling Shareholders	Those Existing Shareholders who have irrevocably offered to sell Existing Shares to SaleCo prior to Listing
Settlement	The settlement in respect of the Shares the subject of the Offer occurring under the Underwriting Agreement and associated settlement support arrangements
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A holder of a Share in the Company
Shareholder Deed Polls	The deed polls that each of the Existing Shareholders have signed to irrevocably accept the offer under the Implementation Deed Poll, as described in Section 9.4.
Share Sale Deed Poll	The deed poll entered into by the Selling Shareholders in favour of SaleCo, as described in Section 9.5.
Share Registry	Computershare Investor Services Pty Limited (ACN 078 279 277)
Statutory Forecast Results	Has the meaning given in Section 4.1
Statutory Forecast Cash Flows	Has the meaning given in Section 4.1
Statutory Forecast Financial Information	Has the meaning given in Section 4.1
Statutory Historical Balance Sheet	Has the meaning given in Section 4.1

Term	Meaning
Statutory Historical Cash Flows	Has the meaning given in Section 4.1
Statutory Historical Financial Information	Has the meaning given in Section 4.1
Statutory Historical Results	Has the meaning given in Section 4.1
STI Plan	Short Term Incentive Plan described in Section 6.5
Successful Applicant	An Applicant who is issued Shares under the Offer
TTC	Total Channel Control
TSR	Total shareholder return
Underwriting Agreement	The underwriting agreement dated on or about the date of this Prospectus between the Company and the Lead Manager as described in Section 9.6
UNESCO	The United Nations Educational, Scientific and Cultural Organization
UN	The United Nations
U.S. Person	Has the meaning given in Rule 902(k) of Regulation S under the U.S. Securities Act
U.S. Securities Act	U.S. Securities Act of 1933, as amended



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Appendix A – Significant accounting policies



Appendix A – Significant accounting policies

Principal Accounting Policies

The principal accounting policies adopted in the preparation of the Financial Information are set out below.

(a) Basis of Consolidation

Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Interests in equity-accounted investees

The Group's interest in equity-accounted investees comprise an interest in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transactions costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Impairment

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For assets, other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(c) Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- investments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Finance Income and Finance Costs

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- The net gain or loss on financial assets at fair value through profit or loss;
- The foreign currency gain or loss on financial assets and financial liabilities; and
- Impairment losses recognised on financial assets (other than trade receivables).

Interest income or expense is recognised using the effective interest method.

(e) Government Grants

Grants that compensate the Group for costs incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

(f) Goods and Services Tax (GST)

Revenues, expenses and non-financial assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax 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. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) Comparative Figures

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

(h) Rounding of Amounts

The Group has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars (unless otherwise indicated).

(i) New and amended Accounting Standards that are effective for the current year

The Group has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are relevant to its operations and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Group include:

- COVID-19-Related Rent Concessions (Amendment to AASB 16);
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to AASB 3 Definition of a business; and
- Amendments to AASB 101 and AASB 108 Definition of material.

The new standards adopted did not have a material impact to the Group.

(j) New and revised Accounting Standards in issue but not yet effective

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 17 Insurance Contracts;
- Amendments to AASB 10 and AASB 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to AASB 3 Reference to the Conceptual Framework;
- Amendments to AASB 116 Property, Plant and Equipment – Proceeds before intended use; and

Amendments to AASB 137 Onerous Contracts – Cost of Fulfilling a Contract.

Revenue Recognition from Contracts with Customers

AASB 15: *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

A five-step model had been applied to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- Over time, in a manner that depicts the entity's performance; or
- At a point in time, when control of the goods or services is transferred to the customer.

Set out below is the disaggregation of the Group's revenue from contracts with customers as well as the remaining performance obligations relating to those contracts:

Revenue streams

The Group engages in the sale of gravity-fed irrigation solutions. This includes design, manufacture, distribution and installation of irrigation control systems including combination of bespoke hardware and software.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies.

Appendix A – Significant accounting policies continued

i. Construction contracts

The Group is involved in the design and manufacture of bespoke gravity-fed irrigation solutions, often referred to as hardware. Revenue and associated costs are recognised over time (i.e. before the goods are delivered to the customers' premises). Progress is determined based on the input method.

Variable consideration

Contracts may include performance bonuses or penalties assessed against the timeliness and/or quality of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved. The Group periodically reviews contracts when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historical performance.

Sale of goods

Whilst hardware products are often made to order, the Group also provides other solutions, including software, which it either sells independently or in combination with the hardware components. Revenue is recognised when a customer obtains control of the goods.

ii. Rendering of services

The Group performs maintenance and software support services to the irrigation industry. Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on surveys of work performed.

Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Operating Decision Maker in assessing performance and determining the allocation of resources. The Chief Operation Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Chief Operating Decision Maker determined that its operating segments comprise the geographic regions of:

- ANZ – which includes Australia and New Zealand;
- Asia – which includes China and India;
- ROW (Rest of world) – which includes USA, Latin America, Europe and any other geographies not included in ANZ or Asia; and
- Other – which includes corporate overhead costs in Australia.

These geographic segments are based on the Group's management reports and the way management views the business.

The principal activities of each segment are to provide specialist operational technology to the water and broader utility markets.

Tax

Tax Consolidation

Rubicon Systems (Holdings) Pty Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. 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. Current tax liabilities/assets and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 31 October 2007. The tax consolidated group has entered into a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity. Income tax expense/benefit comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or OCI.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

Earnings Per Share

Basic earnings per share is calculated by dividing the following profit attributable to ordinary shareholders of Rubicon Systems (Holdings) Pty Ltd, by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share is calculated by dividing the following profit attributable to ordinary shareholders of Rubicon Systems (Holdings) Pty Ltd by the weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

Cash

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, where the Group does not have the legal right and the intention to settle on a net basis, are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

Trade and Other Receivables

The collectability of receivables is reviewed on an ongoing basis. The Group applies the AASB 9 simplified approach when calculating its expected credit loss provisions. This allows the recognition of lifetime expected credit losses at all times. The provision is reassessed when there is a significant change in credit risk. These amounts have been included in the provision for impairment of accounts receivable.

Credit risk exposures are segmented by geographic region. Expected credit loss rate is calculated for each segment based on delinquency status and actual historical credit loss experience, where applicable. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Appendix A – Significant accounting policies continued

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of finished goods includes direct materials, direct labour and an appropriate portion of variable and fixed overheads included in bringing them to their existing location and condition. Costs are assigned on the basis of weighted average costs.

Investments – accounted for using the equity method

The Group has a 50% interest in Medha Rubicon Water Technologies Pvt Ltd (MRWTPL). MRWTPL is a joint venture formed with Medha Servo Drives Private Limited, a company domiciled in India. The company assembles and supplies Rubicon products to the Indian market. The Group's interest in MRWTPL is accounted for using the equity method in the consolidated financial statements. The accounting policies of the joint venture, which have been applied in determining the financial information shown below, are the same as those applied by the Group.

Intangibles

All intangible assets recognised by the Group relate solely to product development. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which is disclosed below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred.

Property, Plant and Equipment

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line or diminishing returns method over their estimated useful lives, and is generally recognised in profit or loss. Leasehold improvement assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The useful lives used for each class of depreciable assets are:

Class of Property, Plant and Equipment	Useful Life (years)
Buildings	25
Leasehold improvements	3-10
Plant & Equipment	4-20
Furniture and Fittings	5-13
Motor Vehicles	3-5
Computers	4

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Leases

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 amount of initial measurement 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 restoration costs.

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 Company 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 remeasurement of lease liabilities.

The Company 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.

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 Group's incremental borrowing rate. Lease payments comprise 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.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability if expected to be settled within 12 months.

Financial Liabilities

Non-Derivative Financial Liabilities – Measurement

Non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Non-Derivative Financial Liabilities – Recognition and Derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial liabilities are initially recognised on the trade date, when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Financial liabilities are offset, and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Employee Benefits

A provision has been recognised for employee entitlements including long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

Other Provisions

Other provisions relate to various categories including provisions for warranty costs and other costs required to be incurred under contractual obligations.

See overleaf for completion guidelines ➔

How to complete this Application Form

A Number of Shares applied for

Enter the number of Shares you wish to apply for. The Application must be for a minimum of 2,000 Shares (\$2,000.00) and thereafter in multiples of 500 Shares (\$500.00). You may be issued all of the Shares applied for or a lesser number.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the issue price of \$1.00.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

F CHES

Rubicon Water Limited will apply to the ASX to participate in CHES, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares issued to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Rubicon Water Limited and allocated a Securityholder Reference Number (SRN).

G Payment

You should ask your Broker for information about how and when to lodge this Application Form, and lodge this Application Form and your payment with your Broker in accordance with their instructions.

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application Form relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in Rubicon Water Limited is upon and subject to the terms of the Prospectus and the Constitution of Rubicon Water Limited, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

The Broker Firm Offer is expected to open on 20 August 2021 and close on 26 August 2021. Rubicon Water Limited and the Lead Manager may elect to extend the Broker Firm Offer. If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form. Generally, you will lodge this Application Form and payment with your Broker in accordance with their instructions. Do not lodge this Application Form with the Registry. Your Broker must receive your completed Application Form and Application Monies in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer. You should allow sufficient time for this to occur.

Privacy Notice

The personal information you provide on this form is collected by Computershare (CIS), as registrar for the securities issuer (the **issuer**), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the issuer. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

How to complete this Application Form

A Number of Shares applied for

Enter the number of Shares you wish to apply for. The Application must be for a minimum of 2,000 Shares (\$2,000.00) and thereafter in multiples of 500 Shares (\$500.00). You may be issued all of the Shares applied for or a lesser number.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the issue price of \$1.00.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

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Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

Corporate directory

Company's registered office

1 Cato Street,
Hawthorn East VIC 3123

Lead Manager

Bell Potter Securities Limited

Level 29, 101 Collins Street,
Melbourne VIC 3000

Legal Adviser

Gilbert + Tobin

Level 35, Tower 2
200 Barangaroo Avenue,
Barangaroo NSW 2000

Auditor

Deloitte Touche Tohmatsu

477 Collins Street,
Melbourne VIC 3000

Rubicon Offer Information Line

*Between 8.30am and 5.00pm
Monday to Friday*

Toll free within Australia

1300 129 892

Outside Australia

+61 3 9415 4104

Offer website

<https://rubiconwateripo.thereachagency.com>

Share Registry

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street,
Abbotsford VIC 3067

Financial Advisor

Flagstaff Partners Pty Ltd

Level 20, 101 Collins Street,
Melbourne VIC 3000

Investigating Accountant

Deloitte Corporate Finance Pty Limited

477 Collins Street,
Melbourne VIC 3000

Tax Adviser

KPMG

Tower 2, Collins Square
727 Collins Street,
Melbourne VIC 3008

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