

Rubicon Water Limited Annual General Meeting

Thursday 17 November 2022 AT 2.00 PM

Chairman's Review

I'd like to take this opportunity to reflect on Rubicon's progress over the past year, including a number of developments that have been made since the Company listed on the ASX in September 2021.

Since commencing operations in 1995, Rubicon has developed a suite of technologies and solutions that can dramatically improve the efficiency of, and the productivity from, the world's surface irrigation networks.

I am proud to say Rubicon's large-scale water-saving solutions have never been more relevant. They deliver valuable returns on investment for our customers in terms of water efficiency, productivity and availability.

In the past year, we have successfully delivered on new contracts in our emerging markets and on the back of these projects, we have introduced dedicated personnel to progress our presence in these locations and to ensure we can successfully market the benefits flowing from these initial contracts to neighboring regions. For instance, we have established a regional presence in Kazakhstan to closely support our market in Central Asia, where we are currently completing projects with a combined contract value of AUD \$4 million, and foresee significant potential for future growth.

We're continuing to see impressive results from the solutions we have delivered in locations, such as in the US and Europe, where clients are experiencing escalating issues in terms of water scarcity. The growing portfolio of customer success stories is raising the profile of what our technology can achieve.

An example of this is our first Network Control project in Italy, which is delivering outcomes for a customer who has been able to maintain regular seasonal water allocations at a time when the region is facing unprecedented water shortages.

Our cornerstone project in India is coming to the stage of practical completion. This is the largest single international project the Company has delivered in its 27-year history. Our manufacturing facility in Karnataka provides the capability to support local supply chains and reduced lead times, enabling us to cater for, what we believe to be, a rapidly growing market.

Our revenue projections and predicted project signings were impacted by a few unexpected events in FY22, notably the pandemic and associated supply chain issues, but at the same time, the Company achieved a number of milestones that I'm confident will start delivering results in FY23.

We remain confident that contracts in the Company's Asia segment, that experienced substantial delays, will be secured in the near term and Rubicon will sign anticipated pipeline projects throughout Asia during the current financial year.

The Company continued to invest in its R&D and product development program throughout FY22, with significant product enhancements rolled out across our suite of technologies to provide value for customers and greater scalability for Rubicon. These developments include, improvements on modularity to introduce readily upgradable components, enhanced shipping capabilities and more efficient in-field servicing capabilities.

Our employees remain Rubicon's biggest asset. They drive the ideas that provide water efficiency improvements for our customers. We will continue our investment in human resources in FY23 and will remain steadfast in our efforts to push the boundaries of innovation to ensure our technology remains at the forefront of delivering successful outcomes.

Our commitment to providing a safe workplace for each of our employees, while also ensuring sustainable environmental practices, is at the forefront of every action we take. In FY22, we dedicated a significant volume of time and resources into implementing world-class systems to ensure that safety and environmental sustainability are engrained within each process.

I would like to thank my fellow Directors and Rubicon management and staff for their efforts throughout the year. I would also like to thank our shareholders for your continued support.

We expect the coming 12 months will see Rubicon continue to progress on several fronts across our operations, and I look forward to updating you on our successes.

I now hand over to our CEO Bruce Rodgeron to provide some greater insight into the FY22 results and on what's ahead for our company.

CEO Address

Good afternoon,

It has been quite the journey since listing on the ASX last year. The Company has made enormous progress during this period in terms of building the business's pipeline and its capacities, as well as the resources we now have in place to be able to deliver on our growth plan.

It has been great to see many of our regular operations return to some degree of normality following two COVID interrupted years, with the reintroduction of business travel and more frequent face-to-face customer interactions. It has assisted greatly with better customer engagement and business outcomes in all markets apart from China where the COVID travel restrictions have continued. Another COVID era impact on the business has been supplier lead times which remains a challenge for the business.

Our FY22 results were slightly ahead of what we flagged in June, with revenue of \$65m and underlying EBITDA of \$1.3m.

It was a really exciting result in FY22 for the Rest of the World segment with revenue increasing by \$10.5m to \$24.4m. This means it is now approaching the same size and scale as the ANZ segment, giving us a broader spread across geographies.

The unfortunate weather, conditions and droughts in Europe and North America has seen a significant uplift in funding and interest in our solutions, which has contributed to a 33% increase in near-term pipeline opportunities.

The US, in particular, was a standout for us in terms of sub-markets in FY22 and was a strong contributor to the overall result for the Rest of World segment.

As Gordon mentioned earlier, our signature project in India is approaching the stage of practical completion, which we expect to occur in the current half. Meanwhile, our Globalisation Project has made significant gains, which I will discuss on more detail shortly.

The ongoing struggle for a lot of businesses at the moment is the global supply chain issues, and they continue to affect us. Supplier lead times (particularly for electronic components) remain difficult to manage, with many out to more than a year.

We are proactively managing this, however, by committing to future supply contracts in excess of what we would have contemplated pre pandemic. The investments we have made over the last 12 months stand us in good stead to be able to combat these issues, and this is what provides us with confidence that we'll be able to deliver on the projects we win this year. We also expect to see lead times to start returning to normal levels over the next year.

Rubicon's growth in sales pipeline – in particular near-term opportunities – has been boosted by global thematics, including the droughts in Europe and North America.

The much larger representation from the Rest of World segment is particularly encouraging and demonstrates the spread of our opportunities and our operations. 55% of near-term projects are in this segment.

This is also reflective of the strategic investment the Company has made, especially in Europe over the last couple of years, where we have seen increased EU funding for irrigation modernisation projects.

The investment the Company has made in our Globalisation Project has enabled Rubicon to grow its footprint much closer to our customers. We commissioned our new product assembly facility in Modesto, California and have secured a lease on our proposed assembly facility in Talca Chile. Our outsourcing of component supply to India and China is well underway and our expectation is that we will start to see the benefits from the direct supply to our regional assembly facilities via shorter lead times and the resultant lower costs towards the end of FY23.

As well as increasing our production capabilities in these regions, we have also needed to increase our human capital and improve our technical and sales skills in and around our key markets. Increasing our global headcount has been an integral part of our journey, and in the last five years alone, we have significantly increased our numbers in the US, Chile and Europe.

Looking ahead, the realisation of various pipeline opportunities is expected to deliver underlying EBITDA of greater than \$12m in FY23, compared to an underlying EBITDA of \$11.9m in FY21 – a fairer comparison than FY22.

Our sales pipeline has grown and is a positive sign for the future of the business and most importantly, we're starting to reap the benefits of the investment

we've been making in setting up our business to be a global business, well equipped to contract and deliver on the opportunities that are coming through our pipeline.

We are funded to deliver on the growth this year and we see an unwinding of our trade receivables and significant improvement in our cash flows.

There is plenty of opportunity in Asia and Europe, where the scale of some of the projects we are now starting to scope out are becoming significant. This includes Central Asia where we have signed two MOU's this year and, as an example, there is one project where we are contracted to design a modernisation solution for 365,000 hectares.

The timing of significant contract awards may continue to affect the ability to deliver consistent financial outcomes. Over time, however, the realisation of various pipeline opportunities is expected to deliver greater earnings stability as we grow.

We are proud of the progress we have made as a company, from the successful IPO in September 2021 through to today where Rubicon has better positioned its solutions to provide a meaningful contribution to addressing the world's water scarcity issues.

I take this moment to thank the board for their support and all our employees for their continued dedication in achieving outcomes for our customers and aligning with our strategic focus.

I would also like to thank our shareholders for your continued support, confidence, and trust.