



Annual General Meeting Chairman & CEO Address

Thursday 16 November 2023, 2:00 PM

Rubicon Water Limited (ACN 651 852 470)

Chairman's Review

It is no secret that climate and water resource challenges have been escalating dramatically across the globe this last year, and these crises are presenting increased opportunities for our technology and solutions. Governments across the world are looking to proven solutions, and to allocate budgets and embark on projects designed to conserve water resources and enhance agricultural productivity.

While FY23 was a challenging year for Rubicon Water due to delays in project signings, and this was reflected in the Company's financial results, we continued our investments in products, software, business systems and in market sales activities, as these are clearly the building blocks for our future success.

The continued investment on 'in market' sales activities is positioning Rubicon Water to have a broader, more balanced portfolio mix to our business segments, which makes our business more resilient and provides a platform for sustained growth in the future.

The return to face-to-face interactions post-COVID has been a pivotal step in accelerating our project acquisition pipeline. Delegations and international tours have resumed, fostering invaluable cross-market learning and shared insights. We celebrated a significant moment in our journey with the operation of our regional assembly facility in Modesto, California, marking a milestone with the deployment of the largest gates in our history in the US. Similar achievements unfolded in Chile, reflecting the surging demand for our solutions.

Localising our operations by building international production facilities has enabled us to overcome global transportation challenges, significantly reducing lead times and supporting our global expansion efforts. The modular design of our products has revolutionised their transportability, ensuring swifter deliveries and reinforcing our capability to address the growing global opportunities.

Challenges in the operational landscape, including disruptions in the supply chain, have only spurred us on to take proactive measures and enhance our efficiency in the coming year.

The inauguration of our largest international project by Indian Prime Minister Narendra Modi in front of a crowd of approximately 200,000 stands as a testament to our capability to deliver positive change, transform water management practices and create invaluable benefits to support the future prosperity of the region.

Accolades such as receiving the 2022 Australian Sustainability Exporter of the Year Award and the 2022 ICID WatSave Award, reflect our dedication to sustainable practices and delivering remarkable outcomes for our clients.

Our engagement with governments in emerging regions, including India, Egypt, Morocco, and Kazakhstan, underscore our commitment to fostering strategic partnerships on the international stage. The signing of a Memorandum of Understanding in October 2022 with the Government of Uzbekistan signifies our joint commitment to advancing water management solutions. Our recent meeting with Egypt's Minister of Water Resources and Irrigation further underscores the global esteem in which our water-saving solutions are held, emphasising the pivotal role our technology plays in optimising water resources.

As we navigate these challenges and opportunities, on behalf of the Board I would like to extend our gratitude to the 300+ Rubicon employees worldwide. Their dedication, alongside the strong leadership and contributions of our teams, forms the foundation of our strategy and global growth plans.

As we look ahead, we remain committed to fostering a culture of collaboration, innovation, productivity, safety, and operational optimisation to drive global success. The commitment of our senior management and executive

teams in regional markets, despite the logistical challenges posed by COVID, is a testament to the dedication and determination that define Rubicon Water.

Finally, on behalf of Rubicon Water, I would like to thank our shareholders, staff, and partners for your faith in our mission and vision.

Gordon Dickinson, Chairman

CEO Address

Good afternoon, everyone,

As Rubicon Water's CEO, I would like to provide an overview of the business activities during the last financial year, including the challenges we have faced and the progress that has been made, and also offer some insight into why we are optimistic about the future.

Our full-year results, with revenue of \$55 million and an EBITDA loss of \$8.8m, reflected a challenging period for the Company, with contract delays weighing heavily.

Our customers being predominantly governments or government-funded authorities, combined with the fact we don't have system solution competitors, means that governments and authorities are often faced with making procurement decisions on a sole tenderer, or negotiating on a sole supplier basis. This can complicate project and contract award processes and make timelines longer and unpredictable.

We face these same challenges in establishing ourselves in most markets (including when we were establishing in Australia) but once pricing benchmarks and procurement models are set in any market, processes become simpler and timing becomes more predictable. This is certainly what we are expecting in FY24 and beyond.

On a positive note, we generated \$5.6m of positive cashflow in the second half of the year, which was underpinned by a concerted effort to collect debtors in Asia and to utilise some of the stock built up over the COVID period on new projects. These are efforts and opportunities that will continue into FY24.

Since June 30, we have been able to secure a new funding line with HSBC, which is 'fit for purpose' in that it is better suited to large project-based work. We believe this will serve the Company well in terms of the way it is structured and the associated covenants moving forward.

Over the past year, our dedication to delivering impactful solutions to address global water scarcity issues has seen us continue to invest in our sales infrastructure and resources in target markets that are experiencing increasing water stress. In areas such as Central Asia and North Africa, we have introduced new dedicated resources to amplify our presence and promote opportunities for our products and solutions.

Our Indian market has been the most impacted by project acquisition delays but the success of our signature KBJNL project, which has received national and international acclaim, provides confidence in the role our solutions will play throughout FY24 and beyond.

While we experienced modest growth in our overall pipeline in FY23, our focus has been on pushing through our sales funnel from the early engagement stage around potential business cases to developing solid business cases to seek funding, then to pricing and contracting. We have made substantial progress in terms of near-term opportunities, which increased 17% during the year - while medium-term opportunities rose by 30%. Importantly, there was also a bigger geographic spread, which is less dominated by Asia due to increased opportunities in the US – on the back of government funding – and Europe, North Africa and Central Asia.

In recent years we developed a supply chain out of China, which is owned by Rubicon Water, while we also have two manufacturing facilities in China. Additionally, we have a joint venture facility in Hyderabad and a growing India-based supply chain. These are the foundations of our globalisation project, where we will have local assembly and some supply chain in countries close to our key markets, with the majority of the supply chain coming out of India and China and core IP (both software and hardware) continuing to be supplied from Australia.

The introduction of our new generation of on-farm technology has been a game-changer for our on-farm solutions, significantly gaining traction in both the US and Australia. In just 18 months since its inception in the US, we've successfully secured contracts for multiple projects, each serving as a testament to the myriad benefits our solutions offer. This momentum positions us for steady growth in FY24, further strengthened by anticipated increases in government funding dedicated to supporting growers in adopting water-saving technologies.

In FY23, we also made a conscious decision to continue to invest in the growth of the business, predominantly by putting the human resources (both as staff and partners) in place in our key future markets.

This is with the view that the pipeline of works remains critical to Rubicon Water, highlighted by the fact there is 140 million hectares of irrigation around the world that requires technology like ours.

Our key assets are our people and our culture, and I am proud of what we are building internationally. By investing in our people, we aim to promote an environment that breeds innovation, collaboration and a unified understanding that allows us to deliver revolutionary water management outcomes in some of the most water stressed regions around the world.

Our US business has been steadily growing since 2006 and returned a strong result in FY23. The growing water stress throughout the US, especially in the Lower Colorado Basin is resulting in significant opportunities for Rubicon. We are positioned with a strong competitive advantage and have a widely recognised brand throughout the US, with more than 150 irrigation districts currently leveraging Rubicon's products.

We are working directly with these districts to align our solutions with the funding objectives, as evidenced by the board decision last week by Imperial Irrigation District (IID), one of the largest irrigation districts in the US, to proceed with a large technology order.

There has been a recent funding announcement by the US federal government to provide US\$4 billion specifically for water management and conservation efforts in basins that are experiencing long-term drought. The United States Bureau of Reclamation (USBR) is looking for long-term durable system efficiency improvement project proposals that will benefit the River System and its water users. Rubicon's technology has already been featured as the predominant solution in several significant project proposals in response to this funding, and the clients are now in the due diligence phase with the USBR. We continue to work on developing proposals with other districts.

I would like to highlight a few noteworthy outcomes on our international footprint that are making positive news stories.

- In Italy, our Angeli Cerese project has now been operating for two years and has achieved a 29% reduction in pumped volumes compared with the previous 10 years. This is a significant environmental benefit and is saving Angeli Cerese ~ €300,000 p.a. It also provides us with a powerful reference site for other pumped irrigation systems around the world.
- In Chile, whilst not part of the initial business case, our technology has been recognised as providing critical flood mitigation benefits during the recent flood events in the Ñuble Region.
- Finally, In Spain our technology is now controlling the water distribution into the Júcar-Túria irrigation area. This 1,000-year-old district is one of the longest operating judicial water institutions in Europe, where farmers still met weekly to agree on the distribution of the available water resources, which is now managed by our technology.

These select few stories highlight just a handful of the successes being achieved in international markets, demonstrating the real-world impact of our solutions.

We have had steady flow of contract signings since June which positions us well to return to profitability and be cashflow positive in FY24 and to clearly demonstrate our capability to deliver on our expansive pipeline of opportunities in the years to come.

I would like to take this opportunity to express my gratitude to the Board for their ongoing support and to all the dedicated employees of Rubicon Water for their commitment to delivering results for our customers and aligning with our strategic objectives.

Additionally, my sincere thanks extend to our shareholders for your continual support, confidence, and trust in our endeavors.

Bruce Rodgers, CEO



RUBICON™

For personal use only

RUBICON WATER LIMITED

1 Cato Street
Hawthorn East
VIC 3123

+61 3 9832 3000

investors@rubiconwater.com