

Rubicon Water

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23 August 2024

Rubicon Water - FY24 Results

Summary

- **FY24 revenue of \$58.4m, up 5.8% on the pcp**
- **FY24 underlying EBITDA loss of \$5.4m, vs \$8.8m loss in pcp**
- **Record performance in the US, securing A\$33 million in orders (+200% pcp).**
- **Secured largest contract in Latin America since operations commenced in 2012.**
- **\$16.0 million Capital Raised through a successful, fully underwritten, two tranche Placement.**

Australian water technology solutions company Rubicon Water Limited (ASX: RWL) ("**Rubicon**" or "**the Company**") today announces its full-year results for the period ended 30 June 2024, confirming revenue of \$58.4m and an underlying EBITDA loss of \$5.4m.

Rubicon Chief Executive Officer Bruce Rodgers said:

"Our FY24 financial results were below expectations, with the strategic decision to reallocate certain contract assets in China back into inventory and a one-time provision for a bad debt in Chile having an impact on the result. Despite the negative FY24 impact, these measures were made for sound operational reasons and in the case of the Chinese reallocation we have already seen a significant amount of the assets previously allocated to stalled Chinese contracts being utilized in contracts outside China where they are being monetized more quickly saving the company cash and production costs.

Despite these challenges, Rubicon has never been in a better position to capitalise on the globalisation investments we've made over the past 4 or 5 years. Our established presence in key growth markets, strengthened by skilled personnel, and strong partnerships with governments and key stakeholders, is propelling our solutions forward.

We have made significant progress in advancing our globalisation strategy, ensuring that Rubicon is well-positioned to meet the rising demand for efficient water management across the world."

Financial performance

Revenue of \$58.4m in FY24, up 5.8% on the previous corresponding period (pcp) (FY23: \$55.2m) following a strong performance from the Rest of World (RoW) segment. Rubicon reported an EBITDA loss of \$5.4m (FY23: \$8.8m loss) with the result negatively impacted by \$3.4m of one-offs including the unwinding of certain contract assets in China and a doubtful debt provision requirement in Chile.

RoW revenue rose 54% compared to the pcp to \$33.2m (FY23: \$21.6m) as US sales climbed 103%. Contract orders in the US were up 200%. ANZ revenue for the year was 2% lower at \$19.1m, while Asia revenue was down 57% to \$6.1m.

Non hardware revenue for FY24 was \$15.2m (FY23: \$15.9m) due to a drop in Components & Services revenue in Latin America.

The gross margin improved from 33.7% in FY23 to 40.2%, leveraging off the improved absolute revenue level and a positive project mix.

The net loss after tax for the year was \$11.0m (NLAT of \$11.2m in the pcip) having been negatively impacted by unrealised FX losses and finance expenses. Net cash outflow from operations for the full year was \$7.0m compared to a net cash outflow of \$1.4m in the pcip. Cash flow for the second half was positive \$1.5m.

Operational summary

Rubicon has expanded its presence to 22 countries, diversifying the Company's project pipeline and significantly investing in localised global operations. Over the past five years, the Company has more than doubled its personnel outside of ANZ, from 67 to 140, laying the foundation for continued success in key growth markets like the US, India, Europe, North Africa, and Central Asia, regions with a serviceable market over 20 times the size of Australia.

In the US, Rubicon achieved record performance with A\$33.0m in orders, a 200% increase year-over-year, driven by strategic market expansion and increasing demand. A milestone contract for FarmConnect™ in California demonstrates the scalability of its on-farm technologies, which are expected to play a pivotal role in its future growth.

Additionally, the Company broadened its reach in emerging markets, highlighted by an MoU with Egypt's Ministry of Water Resources and a significant A\$2.5 million contract in Costa Rica, marking Rubicon's largest project in Latin America since market entry in 2012.

Outlook

Rubicon Water is uniquely positioned to capitalise on the growing demand for water management solutions in the US and other key global markets. With significant progress in its globalisation strategy, the Company has laid a strong foundation for substantial growth in FY25 and beyond, targeting identified markets.

Additionally, the Company anticipates its FarmConnect™ product will be a key driver of growth outside of its currently identified project pipeline.

Placement and Share Purchase Plan

Earlier this month, the Company announced it had received firm commitments for a fully underwritten two tranche Placement of approximately 64.0 million new fully paid ordinary shares to raise \$16.0 million ("Placement").

Proceeds from the Placement (subject to shareholder approval for Tranche 2), together with existing cash, will be applied to strengthen Rubicon's balance sheet, providing further financial flexibility and headroom to support the working capital requirements of Rubicon's pipeline of international growth projects. Initially, a portion of the capital will be allocated to reducing Rubicon's existing bank debt and drawn Director Loans.

Shares issued under Tranche 1 of the Placement settled on Monday, 12 August 2024, while shares issued under Tranche 2 of the Placement are subject to shareholder approval at an extraordinary general meeting to be held on 11 September 2024.

In addition to the Placement, Rubicon intends to undertake a SPP to raise up to approximately A\$2.0m. The SPP is expected to close at 5.00pm (AEST time) on Monday, 23 September 2024.

This announcement has been authorised for release to the ASX by:

Robert Walker

Company Secretary

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