

WATERCO LIMITED

APPENDIX 4E
Preliminary Final Report for the
Financial Year Ended 30 June 2024

FOR ANNOUNCEMENT TO THE MARKET

WATERCO LTD

Summary of results FY ended 30 June 2024

Sales Revenue	\$239.09 million, up 85%
Net Profit After Tax	\$13.85 million, up 28%
EBIT	\$22.10 million, up 52%
Total Dividends paid during the year:	
Total Dividends paid/declared during the year:	
Final Dividend 2023 5c	Interim Dividend paid 2024 7c
Interim Dividend 2024 7c	Final Dividend declared 2024 8c
Total Paid 12c	Total Paid/Declared 15c

Chief Executive Officer's Review of Operations

REVENUE AND PROFITABILITY

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

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

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

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

DIVISIONAL EBIT PERFORMANCE

The breakdown of EBIT contribution by division is as follows:

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

AUSTRALIA AND NEW ZEALAND (ANZ)

The Australia and New Zealand (ANZ) Division now derives its revenue predominantly from the domestic swimming pool industry and the rural sector with the acquisition of the Davey Business. In this market, the Group offers a wide range of products, including chemicals for both rural and swimming pool water treatment. The Group also owns the Swimart franchise, which features 66 pool stores and 6 mobiles in Australia and New Zealand. The success of these stores is built on more than four decades of experience, during which the Group has developed an extremely good understanding of the factors that drive consumer demand in the after-market. Franchise partners benefit from a

programme that has been developed and improved on in-house since 1983, when the first company-owned pool shop was opened in Sydney. This has since grown into a successful Swimart franchising retail system.

Davey does the majority of its distribution through its highly successful and extensive Authorised Dealer Network, with a strong presence in Regional Australia that normally would be expensive to service from the metropolitan cities.

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

As has been well documented, this year presented some challenges for the ANZ Market with operating costs continuing to rise (wages, local freight and energy costs), interest rates that continue to stay high despite many predictions of rates cuts and a weaker Australian Dollar combining to put pressure on margins for many businesses. However, with improvements in sourcing of stock and booking shipping lines (despite the skirmishes in Europe and the Middle East) the Group (excluding Davey) has managed to achieve a reduction of 4% or \$2m in inventory in FY24. We are also buoyed by the ongoing savings being realised as we look to finalise the Davey Integration.

NORTH AMERICA AND EUROPE

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

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

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

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

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

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

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

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

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

ASIA

Waterco Far East in Malaysia (WFE): This Entity was born out of Waterco's familiarity with the Southeast Asian market. WFE was initially a sales operation designed to service Waterco Australia's Southeast Asian customer base. In 1991 WFE added manufacturing operations to its undertakings in Kuala Lumpur, Malaysia. As well as bringing the Group closer to Southeast Asia markets, this also gave cost-efficiency in our manufacturing operations. Since then, WFE has become the principal manufacturing facility for the Waterco Group. WFE continues to deliver robust new products to give the Group a strong reputation and competitive edge.

WFE has achieved ISO9001:2008 certification, the internationally recognised standard for the quality management of businesses, and demonstrates the existence of an effective and well-designed quality management system, which stands up to the rigours of an independent external audit. A key criterion of this standard is that the management system can provide confidence in creating products that meet expectations and requirements.

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

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

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

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

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

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

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

PRODUCT DEVELOPMENT AND WATER TREATMENT

The Group is committed to staying at the forefront of the industry through continuous investment in product innovation and research and development (R&D).

In recent years, the Group has made significant progress in developing new technologies for swimming pools. The company's latest innovation is an IoT platform that enables homeowners and pool service technicians to obtain essential data about swimming pools remotely.

The IoT platform was developed by a team of specialized software engineers and cloud architects over the past four years. It includes a WiFi board that can be customized and adapted to different equipment, new production tools, a robust device registry, and digital tools that simulate production and real-world use.

The IoT platform secures device connections and data with mutual authentication and end-to-end encryption. It also includes manufacturing and inventory tools to allow for device commissioning, lifecycle management, unique configuration, and QA processes during firmware deployment.

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

The company's continued investment in product innovation and R&D, as well as its expansion into new markets, is a testament to Waterco's commitment to providing its customers with the best possible water treatment solutions.

DIVIDEND AND OUTLOOK

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

NET PROFIT FOR THE YEAR (AFTER TAX)	FY24 (\$000)	FY23 (\$000)	% change
Profit before income tax expense	18,302	13,853	+32%
Income tax expense/(benefit)	4,451	3,048	+46%
Net Profit for the year	13,851	10,805	+28%

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

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

Events after Balance Date

On 17 July 2024, the company announced a ninth share buyback of \$1,000,000 worth of shares (approximately 196,078 shares) commencing on 18 July 2024 and ending on 30 June 2025 (or earlier if the \$1,000,000 is purchased before then).

There were no other post balance date events

WATERCO LIMITED

Preliminary Final Report for the Financial Year Ended 30 June 2024

SUMMARY OF RESULTS

				<u>\$A'000</u>
Revenues	Up	83%	to	244,845
Profit (loss) after tax attributable to members	Up	28.2%	to	13,905
Dividends	Amount per security		Franked amount per security	
Final dividend	8¢		8¢	
Previous corresponding period	5¢		5¢	
Date for determining entitlements to the dividend	30 th October 2024			

Statement of Profit and Loss and Other Comprehensive Income

	Current period \$A'000	Previous corresponding period \$A'000
Revenues	244,845	133,999
Expenses		
Goodwill (on acquisition) Impairment Losses	(86)	(54)
Finance costs	(3,930)	(707)
Other Expenses	(222,527)	(119,385)
Profit (loss) before tax	18,302	13,853
Income tax (see Annexure A)	(4,451)	(3,048)
Profit (loss) after tax	13,851	10,805
Net profit (loss) attributable to non-controlling interests	(54)	(41)
Net profit (loss) for the period attributable to members	13,905	10,846
Non-owner transaction changes in equity		
Net exchange differences recognised in equity		
Other revenue, expense and initial adjustments recognised directly in equity	(937)	4,246
Total transactions and adjustments recognised directly in equity	(937)	4,246
Total changes in equity not resulting from transactions with owners as owners	12,968	15,092

Earnings per security (EPS)

	Current period	Previous corresponding Period
Basic EPS	39.5	30.7
Diluted EPS	39.5	30.7

Calculation of Earnings per security (EPS)

	Current period	Previous corresponding Period
Net Profit (\$000)	13,851	10,805
Net Profit/(Loss) attributable to non-controlling interests (\$000)	(54)	(41)
Earnings used in calculation of basic EPS (\$000)	13,905	10,846
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	35,175,391	35,250,500

Notes to the statement of profit and loss and other comprehensive income**Profit (loss) attributable to members**

	Current period \$A'000	Previous corresponding period \$A'000
Profit (loss) after tax	13,851	10,805
Less (plus) non controlling interests	(54)	(41)
Profit (loss) after tax, attributable to members	13,905	10,846

Revenue and Expenses - SEE ANNEXURE A

	Current period \$A'000	Previous corresponding period \$A'000
Capitalised outlays		
Interest costs capitalised in asset values	-	-
Outlays capitalised in intangibles (excluding those arising from acquisition of a business)	-	-

Operating Segments – SEE ANNEXURE A

Movement in Retained Profits

	Current period \$A'000	Previous corresponding period \$A'000
Retained profits at the beginning of the financial period	62,314	54,992
Net profit attributable to members	13,905	10,846
Dividends paid	(4,220)	(3,524)
Retained profits at end of financial period	71,999	62,314

Intangibles – Impairment/Amortisation

	<i>Consolidated - current period</i>			
	Before tax \$A'000	Related tax \$A'000	Related non- controlling interests \$A'000	Amount (after tax) attributable to members \$A'000
	(a)	(b)	(c)	(d)
Impairment of goodwill	86	-	-	86
Amortisation of other intangibles	-	-	-	-
Total Impairment/ amortisation of intangibles	86	-	-	86

Comparison of half year profits

	Current year - \$A'000	Previous year - \$A'000
Consolidated profit (loss) after tax attributable to members reported for the 1st half year	6,982	4,989
Consolidated profit (loss) after tax attributable to members for the 2nd half year	6,923	5,857
	13,905	10,846

Consolidated Statement of Financial Position	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets			
Cash and cash equivalents	16,802	12,337	21,874
Trade and other receivables	37,584	17,106	41,523
Inventories	94,797	50,145	100,666
Other	3,134	2,643	2,628
Total current assets	152,317	82,231	166,691
Non-current assets			
Other property, plant and equipment	69,261	65,874	69,855
Right of use assets	30,326	17,001	21,328
Intangibles (net)	1,269	1,170	2,338
Deferred tax assets	4,597	1,675	5,192
Total non-current assets	105,453	85,720	98,713
Total assets	257,770	167,951	265,404
Current liabilities			
Trade and other payables	28,309	12,353	37,738
Contract liabilities	-	2,552	-
Interest bearing liabilities	9,033	2,995	9,488
Lease liabilities	7,798	3,770	6,996
Current tax liabilities	1,824	595	1,918
Provisions exc. tax liabilities	10,264	3,394	10,035
Total current liabilities	57,228	25,659	66,175
Non-current liabilities			
Interest bearing liabilities	41,114	1,294	49,780
Lease liabilities	22,743	13,272	14,274
Deferred tax liabilities	6,306	6,254	7,049
Provisions exc. tax liabilities	533	238	3,100
Total non-current liabilities	70,696	21,058	74,203
Total liabilities	127,924	46,717	140,378
Net assets	129,846	121,234	125,026
Equity			
Issued Capital	33,562	33,643	33,595
Reserves	23,971	24,909	23,553
Retained Earnings	71,999	62,314	67,538
Parent entity Interest	129,532	120,866	124,686
Non controlling interests in controlled entities	314	368	340
Total equity	129,846	121,234	125,026

Consolidated Statement of Cashflows	Current period \$A'000	Previous corresponding period \$A'000
Cash flows related to operating activities		
Receipts from customers	253,363	140,445
Payments to suppliers and employees	(222,558)	(124,711)
Interest and other items of similar nature received	135	60
Interest and other costs of finance paid	(3,930)	(707)
Income taxes paid	(3,780)	(4,823)
Other	1,268	924
Net operating cash flows	24,498	11,187
Cash flows related to investing activities		
Dividend received	1	1
Payment for purchases of property, plant and equipment	(2,337)	(2,915)
Proceeds from sale of property, plant and equipment	350	46
Proceeds from sale of business	154	-
Investments	-	-
Payment for business	(54,376)	(520)
Net investing cash flows	(56,208)	(3,388)
Cash flows related to financing activities		
Proceeds from issues of shares (to outside interests)	-	-
Share Buyback	(81)	(1,204)
Proceeds from borrowings	63,788	1,102
Repayment of borrowings	(21,903)	(3,398)
Dividends Paid – outside Interests	-	(99)
Dividends paid	(4,220)	(3,524)
Net financing cash flows	37,584	(7,123)
Net increase (decrease) in cash held	5,874	676
Cash at beginning of period (see Reconciliation of cash)	12,337	11,946
Exchange rate adjustments.	(1,409)	(285)
Cash at end of period (see Reconciliation of cash)	16,802	12,337

Non-cash financing and investing activities

During the year, the economic entity acquired plant and equipment with an aggregate fair value of \$393,458 (2023 \$nil) by means of finance leases. These financing activities are not reflected in the statement of cash flows.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding Period \$A'000
Cash on hand and at bank	16,802	12,337
Bank overdraft	-	-
Total cash at end of period	16,802	12,337

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
Profit before tax / revenue Consolidated profit (loss) before tax as a percentage of revenue	7.47%	10.34%
Profit after tax /equity interests Consolidated net profit (loss) after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	10.74%	8.97%

NTA PER SHARE	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	\$3.66	\$3.41

Final Dividend Declared

Date shares trade ex-dividend	29 th October 2024
Record date to determine entitlements to the dividend	30 th October 2024
Date the dividend is payable	15 th November 2024

Dividend per share

	Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
Final dividend: Current year	8¢	8¢	¢
Previous year	5¢	5¢	¢

Total dividend per share (interim *plus* final)

	Current year	Previous year
+Ordinary securities	15¢	10¢

Dividend Plans in operation

The Waterco Dividend Reinvestment Plan has been suspended until further notice.

Details of Entities Acquired During the Period


Name of Entity	Date of Acquisition	Contribution to Reporting Entity Profit
Davey Water Products Pty Ltd	31 st August 2023	\$6,752,862
Davey Water Products NZ Ltd	31 st August 2023	\$724,121
Davey Water Products SAS	31 st August 2023	\$518,594

Issued and quoted securities at end of current period

Category of securities	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
Ordinary securities	35,165,942	35,165,942		
Changes during current period				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buybacks	18,825	18,825	\$4.289	\$4.289
Options			<i>Exercise price</i>	<i>Expiry Date</i>
Directors and Senior Executives option plans	350,000	-	\$3.15	23/8/31
	765,000	-	\$4.19	28/11/33
	60,000	-	\$5.09	20/3/34
Issued during current period	765,000	-	\$4.19	28/11/33
	60,000	-	\$5.09	20/3/34
Exercised during current period	-	-	-	-
Expired during current period	-	-	-	-

Compliance statement

1. This report has been prepared in accordance with the Corporations Act 2001 including complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001
2. This report and the accounts upon which the report is based use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on accounts which are in the process of being audited.
5. The entity has a formally constituted audit committee.



Soon Sinn Goh
Chief Executive Officer

28th August 2024

Notes:

1. **Reconciliation of income tax *prima facie* payable on the profit before tax to income tax expense where *prima facie* tax payable differs by more than 15% from income tax expense.**
2. **Rounding of figures:** Some of the information in this report have been rounded to the nearest \$1,000 (where stated).
3. **Comparative figures:** When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

WATERCO LIMITED ABN 62 002 070 733 AND CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT 30 JUNE 2024

ANNEXURE A

REVENUE AND EXPENSES

	Consolidated Group	
	2024	2023
	\$000	\$000
Revenues	244,845	133,999
Changes in inventories of finished goods and work in progress	(17,955)	1,244
Raw materials and consumables used	(106,577)	(65,761)
Employee benefits expense	(49,815)	(26,438)
Depreciation, impairment and amortisation expense	(11,331)	(7,144)
Finance costs	(3,930)	(707)
Advertising expense	(5,105)	(2,421)
Discounts allowed	(443)	(954)
Outward freight expense	(7,830)	(2,312)
Rent expense	(1,427)	(1,138)
Research & development	(2,178)	(2,005)
Insurance general	(2,018)	(1,366)
Contracted staff expense	(213)	(243)
Warranty expense	(1,059)	(536)
Commission expense	(413)	(469)
Other expenses	(16,249)	(9,896)
Profit before income tax	18,302	13,853
Income tax (expense)/benefit	(4,451)	(3,048)
Profit for the year	13,851	10,805

**PRELIMINARY FINAL REPORT 30 JUNE 2024
ANNEXURE A**

**Operating Segments
Segment Information**

Identification of reportable segments

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

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

The group operates predominantly in one industry being the manufacture and wholesale of swimming pool chemicals, accessories and equipment, manufacture and sale of solar pool heating systems and as a franchisor of swimming pool outlets retailing swimming pool accessories and equipment.

Basis of accounting for the purposes of reporting by operating segments

Accounting Policies Adopted

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

Inter-segment transactions

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

Corporate charges are allocated to reporting segments based on the services provided to those reporting segments

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair valued based on market interest rates.

Segment assets

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

Segment liabilities

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

Unallocated items

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

- other revenues

Comparative information

This is the first reporting period in which AASB8: Operating Segments has been adopted. Comparative information has been stated to confirm to the requirements of the Standard.

WATERCO LIMITED ABN 62 002 070 733 AND CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT 30 JUNE 2024

ANNEXURE A

Operating Segments

Geographical Segments

	2024			
	AUSTRALIA & NEW ZEALAND	ASIA	NORTH AMERICA & EUROPE	CONSOLIDATED GROUP
	\$000	\$000	\$000	\$000
REVENUE				
Sales to customers outside the consolidated group	189,354	13,701	36,037	239,092
Intersegment sales	10,178	34,608	455	45,241
Total segment revenue	199,532	48,309	36,492	284,333
Reconciliation of segment revenue to group revenue				
Other revenue				5,753
Intersegment elimination				(45,241)
Total group revenue				244,845
Segment Net Profit Before Tax	16,835	3,880	3,340	24,055
Reconciliation of segment result to group net profit before tax				24,055
Unallocated items				
- other				(5,753)
Net profit before tax				18,302
SEGMENT ASSETS	273,395	78,180	18,346	369,921
Segment asset increases for the period				
Reconciliation of segment assets to group assets				
Intersegment eliminations				(112,151)
Total group assets				257,770
CAPITAL EXPENDITURE	6,758	1,199	406	8,363
SEGMENT LIABILITIES	137,801	38,577	10,880	187,258
Reconciliation of segment liabilities to group liabilities				
Intersegment eliminations				(59,334)
Total group liabilities				127,924

WATERCO LIMITED ABN 62 002 070 733 AND CONTROLLED ENTITIES**PRELIMINARY FINAL REPORT 30 JUNE 2023****ANNEXURE A****Operating Segments****Geographical Segments**

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

PRELIMINARY FINAL REPORT 30 JUNE 2024

ANNEXURE A

Income Tax Expense

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