

Rubicon Water

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Rubicon Water - 1H FY24 Results

Summary

- **1H FY24 revenue of \$33.3m, up 23% on the pcp**
- **1H FY24 underlying EBITDA loss of \$0.7m up 84% on the pcp**
- **Growth in revenue in all geographical segments versus pcp**
- **USA market revenue up 65% on the pcp**
- **Cash flow impacted by delays in receipts**
- **Reconfirm expectation of underlying EBITDA profitability in FY24**

Australian water technology solutions company Rubicon Water Limited (ASX: RWL) ("**Rubicon**" or "**the Company**") today announces its half-year results for the period ended 31 December 2023, confirming revenue of \$33.3m and an underlying EBITDA loss of \$0.7m.

Rubicon Chief Executive Officer Bruce Rodgerson said:

"Our half-year result was highlighted by strong progress in the US, where we have year to date signed over \$18m of contracts and have a strong pipeline of expected signings for the remainder of the year. This underpins our confidence in returning to profitability for FY24 despite project delays in China and a one-off doubtful debt provision in the RoW segment of \$1.3m that have both negatively impacted what would have otherwise been a stronger consolidated first-half result.

"Payment delays resulted in a significant operating cash outflow for the first half, however we expect this to reverse in the second half with healthy collections for the remainder of the fiscal year.

"We are encouraged by the developments in agricultural water efficiency globally and remain very confident in Rubicon's ability to capitalise on the considerable opportunities in front of us."

Financial summary

Revenue in 1H24 was 23% above the previous corresponding period (pcp) (1H FY23: \$27.2m) on the back of strong growth in the Asia and Rest of World (RoW) segments. Revenue in the Asia segment grew 76% to \$8.9m in the half versus the pcp. RoW revenue growth of 15% to \$14.7m was led by a 65% jump in US revenue on the pcp. Recurring revenue was up 69% to \$11.5m, driven by a 72% increase in revenue from Components & Support.

The gross margin % improved from 35.5% in the pcp to 43.0% in 1H FY24 due to the fixed nature of a portion of cost of goods sold.

The Company's underlying EBITDA loss of \$0.7m compared to an underlying EBITDA loss of \$4.2m in the pcp. The result included recognition of some Asian segment contract revenues previously delayed at the FY23 results.

The net loss after tax for the half was \$5.6m (NLAT of \$5.8m in the pcp), impacted by unrealised FX, interest cost and income tax. Net cash outflow from operations was \$8.5m compared to a net cash outflow of \$6.9m in the pcp, with the 1H FY24 result negatively impacted by delays in expected receipts of c.\$10m.

Investors will note the 4D has disclosed an auditors qualification of the accounts in respect to the recognition of part of the revenue of a significant contract in the Asian segment.

Operational summary

Rubicon's globalisation strategy is producing successful results with progress in opportunities, project funding and contracts emerging across key markets. The Company recently signed an MoU in Egypt, opening significant opportunities in a rapidly evolving segment. The India market continues to evolve despite the delay in some contract signings.

In the US, unprecedented funding has been announced for drought resiliency measures and partially allocated for FY24. Rubicon is actively working with districts to develop proposals in response to the released funding.

In November, one of the largest irrigation districts in the US signed Rubicon for a A\$4.2m modernisation project, representing a substantial leap forward in what is considered to be a national benchmark irrigation district. As stated the Company has already signed over A\$18m of US projects in FYTD.

As Rubicon benefits from the significant in-market investments it has made in recent years, the Company is confident in delivering on its pipeline opportunities across both established and emerging markets, with several near-term projects having the potential to be transformational for the business.

Management maintains underlying EBITDA guidance of returning to profitability for the full-year FY24

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

The Board

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