Waterco Limited
Appendix 4E
Preliminary Final Report

1. COMPANY DETAILS

Name of entity:	Waterco Limited and its controlled subsidiaries
ABN:	62 002 070 733
Reporting Period:	For the year ended 30 June 2026
Previous Reporting Period:	For the year ended 30 June 2025

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Year ended 30 June 2026	**Year ended 30 June 2025**	**Change**	**Change**
	$'000	**$'000**	**$'000**	**%**
Revenue from continuing operations	259,348	254,934	4,414	1.7%
Profit after tax from continuing operations attributable to members	15,463	9,571	5,892	61.6%
Net profit attributable to members	15,463	9,571	5,892	61.6%

Underlying results

The table below presents the Group's statutory and underlying financial results for sales and earnings before interest and tax ("EBIT").

	Year ended 30 June 2026	**Year ended 30 June 2025**	**Change**	**Change**
	$'000	**$'000**	**$'000**	**%**
Revenue from continuing operations	259,348	254,934	4,414	1.7%
Profit after tax	15,360	9,631	5,729	59.5%
Add: income tax expense	4,097	2,561	1,536	60.0%
Add: finance costs	4,474	4,631	(158)	(3.4%)
Less: finance income	(102)	(77)	(25)	32.5%
Statutory EBIT	**23,829**	**16,746**	**7,083**	**42.3%**
Add: Foreign exchange translation losses	-	2,487	(2,487)	
Add: Restructuring and transformation costs	1,010	1,416	(405)	
Underlying EBIT	**24,839**	**20,648**	**4,191**	**20.3%**

Underlying EBIT excludes one-off costs associated with restructuring and transformation initiatives across the Group. FY26 costs mainly relate to warehouse consolidation, implementation of the new IT platforms and related advisory support. FY25 costs related to the Davey integration and Group treasury restructuring, a narrower scope than FY26.

FY25 included translation losses on the wind-up of legacy intra-group balances during the treasury restructure. Following its completion, foreign exchange movements are treated as ordinary course and are not adjusted in FY26.

Dividends

	Amount per security	**Franked amount per security**
2026 interim dividend	7 cents	7 cents
2026 final dividend	13 cents	13 cents

2026 final dividend

Record date for determining entitlements	30/10/2026
Payment date	13/11/2026

Refer to Section 13 below for commentary on the above figures.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Consolidated Statement of Profit or Loss and Consolidated Statement of Other Comprehensive Income is included in Annexure A.

4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Consolidated Statement of Financial Position is included in Annexure B.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated Statement of Cash Flows is included in Annexure C.

6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Consolidated Statement of Changes in Equity is included in Annexure D.

7. DIVIDEND OR DISTRIBUTION REINVESTMENT PLAN DETAILS

Refer to the dividend details provided above. The Company does not operate a dividend or distribution reinvestment plan.

During FY26, the Company purchased and cancelled 132,156 ordinary shares under its on-market share buyback at a total cost of $685,006.

On 15 July 2026, the Company announced its eleventh share buyback authority of $2,000,000 worth of shares, approximately 400,000 shares, commencing on 16 July 2026 and ending on 30 June 2027, or earlier if the $2,000,000 is purchased before then.

On 28 August 2026, Waterco declared a final dividend payment of 13 cents per share, payable to shareholders on 13 November 2026.

8. NET TANGIBLE ASSET BACKING PER ORDINARY SHARE

Refer to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in Annexure A, and the Consolidated Statement of Financial Position in Annexure B.

	Year ended 30 June 2026	**Year ended 30 June 2025**	**Change**	**Change**
Net tangible asset/(liability) backing per ordinary security	$4.31	$3.94	$0.37	9.2%

9. CONTROL GAINED OR LOST OVER ENTITIES IN THE CURRENT PERIOD

There were no entities over which control has been gained or lost during the current period.

10. DETAILS OF AGGREGATE SHARE OF PROFITS (LOSSES) OF ASSOCIATES AND JOINT VENTURE ENTITIES

There were no associates or joint ventures during the current period.

11. FOREIGN ENTITIES

All entities comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

12. STATUS OF AUDIT

The financial information included in this document does not constitute the Group's full financial statements for the year ended 30 June 2026, which will be available on or about 21 September 2026. The financial information included in this document for the year ended 30 June 2026 is unaudited. The financial report is not expected to be subject to a modified audit opinion, emphasis of matter or other matters paragraph.

13. COMMENTARY

Year in review

We are pleased to report a strong turnaround in performance for Waterco Ltd and its subsidiaries in FY26, with the Group achieving a record EBIT and also a record net profit after tax from continuing operations. While we are proud of the achievement, we remain focused on improving the overall outcome going forward: sales revenue was broadly flat on the prior year, and margins remain below where we want them, in particular our EBIT to Sales Revenue ratio. Results for the year included:

- Revenues increased from $254.9 million to $259.3 million.
- EBIT increased from $16.7 million to $23.8 million, with underlying EBIT increasing from $20.6 million to $24.8 million.
- Net profit after tax attributable to members increased from $9.6 million to $15.5 million.
- Earnings per share increased from 27.2 cents to 44.0 cents.
- Total declared dividends for the year increased to 20 cents per share fully franked.
- Net debt increased from $24.9 million at 30 June 2025 to $31.3 million at 30 June 2026.

The higher EBIT was driven by the continued insourcing of manufacturing for critical components, alongside disciplined cost management. Following the restructuring of treasury operations in FY25, foreign exchange translation fluctuations on intra-group transactions were largely eliminated, resulting in a significantly reduced foreign exchange loss of $1.0 million compared to $2.5 million in FY25.

Excluding the restructuring costs, the Group's underlying EBIT increased from $20.6 million to $24.8 million.

While top-line revenue saw a modest increase during the year, growth opportunities remain strong across both our retail and commercial channels.

Swimart

Demonstrating resilience against persistent cost of living pressures, our Swimart Division built on its record FY25 performance, achieving growth in both retail sales and internal purchases from Waterco. We continued to execute our core growth strategy of converting independent pool stores by welcoming three new franchise stores to the Swimart network during the year, with further conversions planned for FY27.

Operational Integration & Synergy

Targeted integration between Waterco and Davey Water Products drove improved operational efficiencies across Australia and New Zealand. Our initiative to consolidate warehouses and optimise storage was largely completed in the latter part of the year, setting up annual cost savings that will start flowing through in FY27. Crucially, while we continue to harvest operational synergies, we remain dedicated to maintaining the distinct brand identities of Waterco and Davey under our "two brands, one backbone" framework.

International Growth

Beyond Australasia, significant growth opportunities are taking shape overseas. A strategic partnership established during the year positions us well for expansion into Europe over the coming years. In the Middle East, sales remained resilient despite geopolitical tensions, leaving significant upside as conditions in the region stabilise.

Outlook

Looking ahead, the Group will continue investing in product innovation, expanding manufacturing capacity and improving supply chain resilience through deeper supplier alignment. The Group remains confident in its trajectory toward improved long-term profitability and will increase the final dividend for the year from 8 cents per share to 13 cents per share. Total dividends declared for the year are therefore 20 cents per share.

Divisional EBIT performance

The breakdown of EBIT contribution by division is as follows:

	FY26	FY25	
DIVISIONAL EBIT	**($000)**	**($000)**	**% Change**
Australia and New Zealand	11,491	13,039	(12%)
North America and Europe	7,239	4,564	59%
Asia and Middle East	5,099	(857)	695%
Consolidated Reported EBIT	**23,829**	**16,746**	**42%**

Refer to the accompanying Waterco FY26 Results Presentation to be released to the ASX.

AUSTRALIA and NEW ZEALAND (ANZ)

The decrease in EBIT arose largely from realigning part of our European supply chain from Australia back into our European division. The insourcing of plastics of Davey product into Malaysia also temporarily impacted stock supply which impacted sales in the first half of the year being slightly down, although across Australia sales for the full year were up by 4%. However, sales in New Zealand were down which contributed to the drag on EBIT together with restructuring costs expensed during the year. Since then, the supply chain migration into Malaysia and the benefit of cost rationalization should take effect from next financial year. In line with our half year update, we remain confident of significant growth opportunities in sales and profitability for the ANZ business.

Operations

The Australia and New Zealand (ANZ) Division derives its revenue predominantly from the domestic swimming pool industry and the rural sector through the Davey Business. In this market, the Group offers a wide range of products, including chemicals for both rural and swimming pool water treatment.

Swimart

The Group also owns the Swimart franchise network, which continued to strengthen its market position. The network expanded by three new locations across Australia and New Zealand and delivered continued year-on-year growth in both retail sales and purchases from Waterco.

Significant progress was achieved across the Swimart Transformation Project, a strategic initiative encompassing a refreshed retail brand identity and in-store experience, the implementation of a fully integrated ERP and point-of-sale platform, and the launch of a new Swimart Franchising brand proposition. Key milestones during the year included the near completion of the consumer-facing store rebranding program, with only three locations remaining to be upgraded in the coming year.

The rollout of the new ERP and point-of-sale system expanded into 45 locations, enhancing operational efficiency and providing a more integrated platform for franchisees. In addition, the new Swimart Franchising brand proposition, developed to attract new franchise applicants and support franchise resales, was positively received by the market and is expected to contribute to future network growth.

Davey

Davey continues to hold a strong and defendable position in the Water Transfer market with our significant brand strength and innovative Australian engineering heritage dating back to 1934.

This is extremely well supported with an expert national dealer network that specifies and services what it sells, a robust category portfolio and a service commitment that customers can depend on. For FY26 the Davey ANZ business delivered a robust performance that was ahead of the prior year. This result reflects a key advantage of our business where demand remains consistent and relatively predictable because of our people, processes, strong brand and committed dealer network.

During FY26 the seasons delivered challenging conditions and a wetter eastern seaboard which firmed up demand for our pressure pump and submersible categories. Even with a softer fire season, Firefighter Pump demand remained strong.

We expect that the forecast for a strong El Niño will drive fire preparedness and the need for rural water security for which our business is prepared in the coming year. It is with some pride that we have extended the warranty cover to five years on our Firefighter range.

Davey's extensive installed base and national reach, especially into regional areas, continues to deliver a competitive benefit. The Davey Master Dealer network of factory-supported, and brand loyal dealers provides end user customers with certainty for the life of the product they've purchased. This is a high barrier to transactional competition. Alongside our Master Dealers, key national accounts extend the brand's reach and channel balance.

Extensive efforts have gone into category positioning, effective Go-to-Market processes underpinned by CRM, dealer lead generation, visual merchandising and channel management. These programs have been designed to clearly articulate our value proposition as we prepare for success in the coming financial year.

NORTH AMERICA and EUROPE

Waterco North America and Europe comprises the Group's operations in the USA, Canada, UK and France.
Improved sales into North America was the primary driver for the increase in EBIT of $2.7m.

Despite the impost of tariffs in the US during the year, the US business achieved record profitability reflecting continued growth in the commercial applications and the strength in our ability to custom design pressure vessels to our customer's unique specifications. Product quality remains a key competitive advantage, supporting customer demand and providing a strong foundation for continued growth.

In Europe, despite sales remaining static from the prior year, the business did well in the face of intense competition from Asian based suppliers and a depressed economic environment. However, during the year a strategic distribution alliance was established with a European group which should facilitate growth in that market.

ASIA and MIDDLE EAST

The Group sells products to distributors in Malaysia and across Asia. Waterco Far East Sdn Bhd (WFE) has become the principal manufacturing facility for the Waterco Group, supporting the Group's product development, manufacturing efficiency and competitive position across regional and global markets.
WFE is ISO 9001:2015 and ISO 14001:2015 certified, demonstrating its commitment to quality management and environmental management standards.

The result for the region was an increase in EBIT of $6m. External sales increased 11%.

Foreign exchange translation losses in FY25 from the wind-up of legacy intercompany balances were not present this year.

From an operations perspective, executing on in-sourcing of strategic plastic components for Davey products into the Group's Malaysian manufacturing operations contributed towards margin growth for the Group overall. The land acquisition in Malaysia was completed during the period and necessary approvals to develop the land to expand production capacity over the medium term are progressing.

The Middle East was formally established during the year. Whilst the Iran conflict impacted sales and shipping into the region, the market showed resilience as major customers continued to place orders. While these transit difficulties remain, we are actively looking to grow sales outside the areas directly impacted by restrictions through the Strait of Hormuz. At the same time we have been strengthening relationships with regional dealers and progressing key projects in preparation for the resumption of normal trading conditions. We remain convinced of the significant long-term growth potential of the region for our products and, when tensions stabilise, expect the market to provide substantial opportunities for further growth.

PRODUCT DEVELOPMENT

With the influx of foreign players into the market, Waterco invests heavily in R&D to maintain its high quality and innovative position in the market. The coming year will see the roll-out of new products and distribution platforms.

Electrochlor GEN2

Represents Waterco's latest innovation designed for the modern, connected backyard. Combining precision pool analytics with intuitive, expanded automation, the platform provides pool owners and operators with effortless, real-time control through a responsive touchscreen interface and the mobile Waterco Connect App.

OPTI

Next-Generation Inline Free Chlorine Sensing Technology - introduces a major leap forward in automated water quality management. Engineered as a high-precision, inline free chlorine sensor, OPTI continuously measures real-time residual chlorine with exceptional accuracy. Unlike traditional sensors, OPTI maintains complete measurement stability across fluctuating operating conditions, ensuring reliable performance regardless of changes in temperature or pH levels.

OPTI integrates with the Electrochlor GEN2 ecosystem, delivering automated real-time diagnostics and micro-targeted dosage control for optimal sanitisation efficiency and swimmer safety.

Beyond residential and commercial pool automation, the ability to deliver continuous, drift-free inline free chlorine monitoring opens pathways into municipal water treatment, commercial cooling towers, agricultural fertigation, and industrial wastewater applications globally.

MultiCyclone 16 GEN2

As an iconic flagship product in the Waterco portfolio, the MultiCyclone has earned prestigious global accolades and fundamentally transformed residential pool filtration worldwide. The release of the MultiCyclone 16 GEN2 represents the next step in that legacy, reflecting Waterco's commitment to continuous innovation and engineering excellence.

Operating as an inline centrifugal pre-filter installed directly after the pump, the MultiCyclone spins incoming water to separate debris before it reaches the main filter, capturing up to 90% of particles as small as 30 microns. Key Engineering Enhancements include:

- Superior Filtration Performance, reducing workload and backwashing frequency on primary filters.
- Optimised hydraulic efficiency, boosting overall system energy efficiency and flow rates.
- Simplified Maintenance, minimizing downtime and operating costs.

B2B trade portal launching this year

A state of the art B2B Trade Portal built on BigCommerce and integrated with our core enterprise systems, the platform delivers 24/7 self-service functionality, rich product data and streamlined order management — making Waterco faster and easier to do business with.

The portal was recently recognized with a prestigious BigCommerce award for engineering ingenuity, specifically for resolving complex trade workflows and creating a dedicated internal sales interface previously unavailable on the platform.

14. SIGNED

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

28 August 2026

Annexure A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 June 2026	30 June 2026 $000	30 June 2025 $000
Continuing Operations		
Revenues	259,348	254,934
Changes in inventories of finished goods and work in progress	(3,182)	1,618
Raw materials and consumables used	(125,403)	(131,012)
Employee benefits expense	(55,563)	(55,295)
Depreciation and amortisation expense	(12,052)	(12,532)
Finance costs	(4,474)	(4,631)
Advertising expense	(4,696)	(5,685)
Outward freight expense	(6,564)	(6,945)
Rent expense	(2,158)	(1,933)
Research and development	(2,382)	(2,907)
Insurance – general	(2,012)	(2,136)
Warranty expense	(822)	(2,368)
Commission expense	(489)	(493)
Foreign Exchange (losses) / gains	(967)	(2,487)
Other expenses	(19,127)	(15,936)
Profit before income tax expense	19,457	12,192
Income tax benefit/(expense)	(4,097)	(2,561)
Profit for the period	15,360	9,631
Other comprehensive income		
Property revaluation increment (net of tax)	5,246	1,582
Exchange translation differences	(3,327)	6,787
Share options expense	93	73
Other comprehensive income for the year	2,012	8,442
Total comprehensive income for the year	17,372	18,073
Profit attributable to:		
Members of the parent entity	15,463	9,571
Non-controlling interest	(103)	60
	15,360	9,631
Total comprehensive income for the year		
Members of the parent entity	17,475	18,013
Non-controlling interest	(103)	60
Total comprehensive income for the year	17,372	18,073
Earnings per share		
Basic earnings per share (cents per share)	44.0	27.2
Diluted earnings per share (cents per share)	44.0	27.2

Annexure B

Consolidated Statement of Financial Position

As at 30 June 2026	30 June 2026 $000	30 June 2025 $000
ASSETS		
Current Assets		
Cash and cash equivalents	20,424	24,522
Trade and other receivables	33,448	33,466
Inventories	99,227	92,661
Other current assets	5,801	6,607
Total Current Assets	158,900	157,256
Non-Current Assets		
Property, plant & equipment	84,678	71,583
Right of use assets	33,534	31,475
Intangible assets	1,123	1,173
Deferred tax assets	2,030	2,756
Total Non-Current Assets	121,365	106,987
Total Assets	280,265	264,243
LIABILITIES		
Current Liabilities		
Trade and other payables	26,079	25,965
Borrowings	4,434	7,200
Lease liabilities	8,777	8,474
Current tax liabilities	23	1,549
Provisions	7,628	7,945
Total Current Liabilities	46,941	51,132
Non-Current Liabilities		
Borrowings	47,240	42,025
Lease liabilities	26,934	24,653
Deferred tax liabilities	4,615	3,311
Provisions NC	466	479
Total Non-Current Liabilities	79,255	70,467
Total Liabilities	126,196	121,600
Net Assets	154,069	142,644
Equity		
Issued capital	32,877	33,562
Reserves	34,429	32,412
Retained earnings	86,492	76,295
Parent interest	153,798	142,270
Non-controlling interest	271	374
Total Equity	154,069	142,644

Annexure C
Consolidated Statement of Cash Flows

For The Year Ended 30 June 2026	30 June 2026 $000	30 June 2025 $000
Cash Flows from Operating Activities		
Receipts from customers	275,234	276,800
Payments to suppliers and employees	(252,933)	(249,446)
Interest received	102	77
Other Income	566	995
Finance costs	(3,058)	(3,287)
Income tax paid	(5,577)	(3,991)
Net cash provided by operating activities	14,335	21,148
Cash Flows from Investing Activities		
Payment for property, plant & equipment	(8,597)	(3,041)
Proceeds from sale of property, plant & equipment	56	216
Net cash (used in)/provided by investing activities	(8,541)	(2,825)
Cash Flows from Financing Activities		
Proceeds from bank borrowings	10,557	6,623
Repayment of bank borrowings	(8,033)	(8,066)
Share buyback	(685)	-
Payment of right of use liabilities	(5,529)	(4,564)
Payment of lease liabilities	(57)	(291)
Dividends paid	(5,266)	(5,275)
Net cash (used in) financing activities	(9,014)	(11,573)
Net (decrease)/increase in cash held	(3,220)	6,750
Cash at beginning of the year	24,522	16,802
Effects of exchange rate changes on balance of cash held in foreign currencies	(878)	970
Cash and cash equivalents at the end of the year	20,424	24,522

Annexure D
Consolidated Statement of Changes in Equity

For The Year Ended 30 June 2026

Consolidated Group	Ordinary Shares	Retained Earnings	Capital Profits Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Share Options Reserve	Non-Controlling Interests	Total
	\$000	**\$000**	**\$000**	**\$000**	**\$000**	**\$000**	**\$000**	**\$000**
Balance at 30 Jun 2025	**33,562**	**76,295**	**211**	**32,207**	**(134)**	**129**	**374**	**142,644**
Comprehensive income								
Profit/(loss) for the year	-	15,463	-	-	-	-	(103)	15,360
Other comprehensive Income/(loss) for the year	-	-	-	5,246	(3,327)	93	-	2,012
Total comprehensive income for the year	-	15,463	-	5,246	(3,327)	93	(103)	17,372
Transactions with owners, in their capacity as owners and other transfers								
Cancellation of shares under Waterco Share Buyback	(685)	-	-	-	-	-	-	(685)
Assets to capital reserve			4					4
Dividends paid	-	(5,266)	-	-	-	-	-	(5,266)
Total transactions with owners and other transfers	(685)	(5,266)	4	-	-	-	-	(5,947)
Balance at 30 Jun 2026	**32,877**	**86,492**	**215**	**37,453**	**(3,461)**	**222**	**271**	**154,069**

Note: Other comprehensive income includes movements in the asset revaluation reserve, foreign currency translation reserve, share options reserve and capital profits reserve.