

ASX release
19 January 2021

Business Update

Waterco subsidiary enters into agreement to purchase heat pumps and water heaters business in Malaysia

Waterco Limited ACN 002 070 733 (ASX: WAT) (**Company**) today announces that Solar-Mate Sdn Bhd (a subsidiary company in Malaysia) has on 18 January 2021 entered into an agreement to purchase the business of a Malaysian company involved in the manufacturing, sale and service of heat pumps and water heaters (“Asset Sale Agreement”).

The consideration for the business is RM6,196,500.38 (equivalent to AUD\$2,045,000) to be paid in tranches subject to satisfactory due diligence. The purchase of the business is being funded by loans provided by the Company from its surplus working capital.

The Asset Sale Agreement is subject to, inter alia, the directors of the seller executing an irrevocable and unconditional Letter of Guarantee for losses and costs in the event of misrepresentation by the seller and any shortfall in the valuation of the business assets for a period of 1 year after completion.

The purchase provides an opportunity to the Company to expand its business to hot water system heat pumps, electric heaters and solar heaters. The Company expects a RM10 million (equivalent to AUD3.3 million) of sales revenue in a full year. The purchase is expected to be completed by the end of February 2021.

This announcement has been authorised for release by the Board of Directors of Waterco Limited.

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About Waterco Ltd – www.waterco.com.au

Established in 1981 and listed on the ASX in 1989, Waterco (ASX:WAT) manufactures and distributes a diverse range of products for the international swimming pool and water treatment markets. Waterco is also the franchisor of Swimart, Australia and New Zealand's largest

network of pool and spa retail outlets, and is also the distributor of Zane Pool Heating solutions via a network of Australian dealerships.

Waterco delivers high quality, innovative products at exceptional value in over 40 countries. This includes a comprehensive range of swimming pool & spa equipment and chemicals as well as domestic and industrial water treatment equipment. The company's head office is in Sydney, Australia with international offices, manufacturing plants and warehouses located in Australia, New Zealand, Malaysia, Indonesia, Singapore, China, USA and the UK.