
WATLINGTON WATERWORKS LIMITED

CONSOLIDATED Financial Statements

For the 6 months ended

JUNE 30, 2025

(Unaudited)

Watlington Waterworks Limited
Consolidated Statement of Financial Position (unaudited)
As at June 30, 2025
(Expressed in Bermuda Dollars)

	June 30, 2025	December 31, 2024
Assets		
Non-current assets		
Property, plant and equipment (note 4)	\$32,318,945	\$32,519,548
Investments	2,939,019	2,913,450
Total non-current assets	<u>35,257,964</u>	<u>35,432,998</u>
Current assets		
Other assets (note 12)	84,296	24,342
Inventories (note 7)	1,953,591	1,974,424
Trade and other receivables (note 8)	1,079,464	1,060,497
Prepayments	246,510	180,105
Cash and cash equivalents	4,815,855	3,977,033
Total current assets	<u>8,179,716</u>	<u>7,216,401</u>
Total assets	<u><u>\$43,437,680</u></u>	<u><u>\$42,649,399</u></u>
Equity		
Share capital	\$1,086,741	\$1,086,491
Share premium	2,025,049	2,019,597
Reserves	8,000,000	8,000,000
Retained earnings	31,176,370	29,830,255
Total equity	<u>42,288,160</u>	<u>40,936,343</u>
Liabilities		
Current liabilities		
Equipment deposits	2,042	2,042
Trade payables and accrued liabilities	1,144,742	1,708,278
Lease liabilities	2,736	2,736
Total current liabilities	<u>1,149,520</u>	<u>1,713,056</u>
Total liabilities and shareholders' equity	<u><u>\$43,437,680</u></u>	<u><u>\$42,649,399</u></u>

Watlington Waterworks Limited
Consolidated Statement of Comprehensive Income (unaudited)
For the six months ended June 30, 2025
(Expressed in Bermuda Dollars)

	2025	2024
Revenue (note 3)	\$7,477,588	\$6,729,834
Production costs	<u>(1,583,165)</u>	<u>(1,487,932)</u>
Gross profit	<u>5,894,423</u>	<u>5,241,902</u>
Administrative expenses	(2,142,142)	(1,882,494)
Distribution expenses	<u>(1,869,302)</u>	<u>(1,578,168)</u>
Total profit before finance income	1,882,979	1,781,240
Finance income	<u>115,105</u>	<u>33,927</u>
Profit and total comprehensive income for the period	<u><u>\$1,998,084</u></u>	<u><u>\$1,815,167</u></u>
Profit attributable to:		
Owners of the Company	<u><u>\$1,998,084</u></u>	<u><u>\$1,815,167</u></u>
Earnings per share:		
Basic earnings per share	<u>\$1.84</u>	<u>\$1.67</u>

Watlington Waterworks Limited
Consolidated Statement of Changes in Equity (unaudited)
For the six months ended June 30, 2025
(Expressed in Bermuda Dollars)

	Share capital	Share premium	Capital reserve	General reserve	Retained earnings	Total
Balance January 1, 2024 (restated)	\$1,083,771	\$1,952,517	\$7,000,000	\$1,000,000	\$28,584,909	\$39,621,197
Net Income for 6 months (Jan – Jun 2024)	-	-	-	-	1,815,167	1,815,167
Dividends paid	-	-	-	-	(542,328)	(542,328)
Issuance of shares	1,770	36,823	-	-	-	38,593
Balance June 30, 2024 (restated)	\$1,085,541	\$1,989,340	\$7,000,000	\$1,000,000	\$29,857,748	\$40,932,629
Net income for 6 months (Jul – Dec 2024)	-	-	-	-	1,656,331	1,656,331
Dividends paid	-	-	-	-	(1,683,824)	(1,683,824)
Issuance of shares	950	30,257	-	-	-	31,207
Balance December 31, 2024	\$1,086,491	\$2,019,597	\$7,000,000	\$1,000,000	\$29,830,255	\$40,936,343
Net Income for 6 months (Jan – Jun 2025)	-	-	-	-	1,998,084	1,998,084
Dividends paid	-	-	-	-	(651,969)	(651,969)
Issuance of shares	250	5,452	-	-	-	5,702
Balance June 30, 2025	\$1,086,741	\$2,025,049	\$7,000,000	\$1,000,000	\$31,176,370	\$42,288,160

Watlington Waterworks Limited
Consolidated Statement of Cash Flows (Unaudited)
For the six months ended June 30, 2025
(Expressed in Bermuda Dollars)

	2025	2024
Operating activities		
Profit for the period	\$1,998,084	\$1,815,167
Adjustments for:		
Depreciation of property, plant and equipment	876,732	765,003
Finance income	(115,105)	(33,927)
	<u>2,759,711</u>	<u>2,546,243</u>
Changes in:		
Inventories	20,833	(125,419)
Trade and other receivables	(18,967)	(311,631)
Prepayments	(66,405)	(71,685)
Trade and other payables	(563,536)	(920,528)
Equipment deposits	-	62
Other assets	(59,954)	2,606
Net cash provided by operating activities	<u>2,071,682</u>	<u>1,119,648</u>
Investing activities		
Interest received	115,105	33,927
Acquisition of property, plant and equipment	(676,129)	(671,451)
Investments – term deposits	(25,569)	(4,963)
Net cash used in investing activities	<u>(586,593)</u>	<u>(642,487)</u>
Financing activities		
Proceeds from shares issued	5,702	38,593
Dividends paid	(651,969)	(542,328)
Net cash used in financing activities	<u>(646,267)</u>	<u>(503,735)</u>
Net increase (decrease) in cash and cash equivalents	838,822	(26,574)
Cash and cash equivalents at beginning of period	<u>3,977,033</u>	<u>4,841,212</u>
Cash and cash equivalents at end of period	<u><u>\$4,815,855</u></u>	<u><u>\$4,814,638</u></u>

1. Nature of business

Watlington Waterworks Limited ("The Company") and Bermuda Waterworks Limited ("the Subsidiary") (note 2(b)) are incorporated under the laws of Bermuda and are primarily engaged in the production and distribution of water and purification of drinking water for sale at the retail and wholesale level. The group is also engaged in the provision of customer services, plumbing supplies and the supply of coolers for sale and rental.

2. Significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. The significant accounting policies adopted by the Company are as follows:

(a) Basis of presentation

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. The estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

(b) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Bermuda Waterworks Limited. All significant intercompany transactions and balances are eliminated on consolidation.

(c) Water sales

Water sales comprise wholesale water and bottled water sales. Wholesale water sales are based on consumption recorded by meter readings taken monthly during the period.

(d) Other operating revenues

Other operating revenues comprise income from sales of plumbing supplies, sales and rental of water coolers and related equipment and utility connection fees.

(e) Property, plant and equipment

Freehold land is stated at cost and is not depreciated. Property, plant and equipment other than freehold land are being depreciated on a straight-line basis over their estimated useful lives, which generally vary from 3 to 40 years.

(f) Investment property

Investment property is stated at cost and depreciated over its estimated useful life of 40 years.

(g) Intangible assets

Application software is stated at cost less accumulated amortization and is amortized on a straight line basis over a useful life of three years.

(h) Inventories

Inventories which comprise essential utility parts, plumbing supplies and bottled water supplies are carried at the lower of average cost and net realisable value.

Watlington Waterworks Limited
Notes to Consolidated Financial Statements (Unaudited)
For the six months ended June 30, 2025

(i) Fair values of financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying values. Where amounts receivable and payable are subject to normal credit terms, their carrying values are used as an approximation of their fair values.

(j) Cash and cash equivalents

Cash and cash equivalents include deposits having a maturity of less than three months from the date of purchase.

(k) Pension plan

The Company sponsors a defined contribution pension plan (the "Plan") covering all eligible employees. The cost of the Plan is expensed as related benefits are earned by the employees. The Company makes monthly contributions in accordance with the Plan Agreement to the employees' individual accounts, which are administered by an insurance company pursuant to and in accordance with the National Pension Scheme (Occupational Pensions) Act.

3. Revenue

	2025	2024
Water sales	\$7,078,290	\$6,382,981
Other operating revenues	253,079	245,802
Connection fees	110,219	65,051
Rental income	36,000	36,000
Total revenue	<u>\$7,477,588</u>	<u>\$6,729,834</u>

Watlington Waterworks Limited
Notes to Consolidated Financial Statements (Unaudited)
For the six months ended June 30, 2025

4. Property, plant and equipment

	Land & buildings	Plant & equipment	Furniture & fittings	Under construction	Total
Cost					
At January 1, 2024	\$6,756,446	\$32,237,310	\$413,194	\$18,854,564	\$58,261,514
Additions	-	393,156	1,145	1,145,151	1,539,452
Transfers	418,757	373,474	-	(792,231)	-
At December 31, 2024	7,175,203	33,003,940	414,339	19,207,484	59,800,966
Additions	-	194,991	9,025	472,113	676,129
Transfers	-	18,791,022	-	(18,791,022)	-
At June 30, 2025	<u>\$7,175,203</u>	<u>\$51,989,953</u>	<u>\$423,364</u>	<u>\$888,575</u>	<u>60,477,095</u>
Accumulated depreciation					
At January 1, 2024	\$3,079,216	\$22,354,364	\$346,802	-	\$25,780,382
Depreciation	367,227	1,106,187	27,622	-	1,501,036
At December 31, 2024	3,446,443	23,460,551	374,424	-	27,281,418
Depreciation	180,433	687,479	8,820	-	876,732
At June 30, 2025	<u>\$3,626,876</u>	<u>\$24,148,030</u>	<u>\$383,244</u>	<u>\$-</u>	<u>428,158,150</u>
Carrying amounts					
At December 31, 2024	<u>\$3,728,760</u>	<u>\$9,543,389</u>	<u>\$39,915</u>	<u>\$19,207,484</u>	<u>\$32,519,548</u>
At June 30, 2025	<u>\$3,548,327</u>	<u>\$27,841,923</u>	<u>\$40,120</u>	<u>\$888,575</u>	<u>\$32,318,945</u>

**Watlington Waterworks Limited,
Notes to Consolidated Financial Statements (Unaudited)
For the six months ended June 30, 2025**

5. Intangible assets

	Application software
Cost	
At December 31, 2024	<u>\$151,123</u>
At June 30, 2025	<u>\$151,123</u>
Accumulated amortization	
At December 31, 2024	<u>\$151,123</u>
At June 30, 2025	<u>\$151,123</u>
Carrying amounts	
At December 31, 2024	<u>\$ -</u>
At June 30, 2025	<u>\$ -</u>

6. Investment property

	Investment property
Cost	
At December 31, 2024	<u>\$330,153</u>
At June 30, 2025	<u>\$330,153</u>
Accumulated depreciation	
At December 31, 2024	<u>\$330,153</u>
At June 30, 2025	<u>\$330,153</u>
Carrying amounts	
At December 31, 2024	<u>\$ -</u>
At June 30, 2025	<u>\$ -</u>

The property was valued by an independent appraiser on May 31, 2023 at a value of \$1,100,000. The property is leased at a monthly rental of \$6,000. Management believe that this appraised valuation approximates the fair value of the investment property.

Watlington Waterworks Limited
Notes to Consolidated Financial Statements (Unaudited)
For the six months ended June 30, 2025

7. Inventories

	June 30, 2025	December 31, 2024
Spares and production parts	\$1,305,950	\$1,307,256
Goods for resale	634,213	640,548
Water bottling supplies	67,622	80,814
Inventory provision	(54,194)	(54,194)
	<u>\$1,953,591</u>	<u>\$1,974,424</u>

The cost of inventories recognized as an expense and included in production costs and distribution expenses is \$510,005 (June 30, 2024 - \$460,038).

8. Trade and other receivables

	June 30, 2025	December 31, 2024
Accounts receivable	\$1,210,944	\$1,205,275
Allowance for debts	(131,480)	(144,778)
	<u>\$1,079,464</u>	<u>\$1,060,497</u>

9. Share capital and share premium

	June 30, 2025	December 31, 2024
Authorised - 2,000,000 shares of the par value of \$1.00 each	<u>\$2,000,000</u>	<u>\$2,000,000</u>
Issued and fully paid - 1,086,741 shares of the par value of \$1.00 each (December 31, 2024 – 1,086,491)	<u>\$1,086,741</u>	<u>\$1,086,491</u>

The net asset value attributable to each share, calculated on the basis of the book value as disclosed in the Company's consolidated balance sheet as at June 30, 2025 was \$38.91 (December 31, 2024 - \$ 37.68).

9. Share capital and share premium

(a) Employee share purchase plan

In June 1999, the Company introduced an employee share purchase plan whereby employees with a minimum of one year's continuous service may subscribe to purchase a maximum of 1,000 common shares in any one calendar year. The purchase price of the common shares is 85% of the market price on the plan's subscription date. The shares purchased are issued from authorized, unissued share capital. Employees are restricted from selling the shares for a period of one year from the issuance date.

During the 6 months ended June 30, 2025, 250 shares were purchased by employees for consideration of \$5,702 (December 31, 2024 – 2,720 shares at a consideration of \$69,800). The excess of the purchase price over the par value of the shares is recorded as share premium.

(b) Share premium

The share premium balance relates to the excess of the purchase price over par value of shares of the Company.

10. Reserves

Capital reserve

The amount maintained in capital reserve represents the Company's investment in infrastructure renovations and improvements, including pipelines and reservoirs, in order to maintain the permanent capital of the Company and has been approved by the Board of Directors.

11. General reserve

General reserve is an appropriation from retained earnings as a contingency for unexpected future expenditures and has been approved by the Board of Directors.

12. Other assets

The Company participates in a defined contribution plan on behalf of its employees with a third party insurer. As at June 30, 2025 the Company has a pension surplus of \$ 10,481 (December 31, 2024 – \$8,824) which is included in other assets on the consolidated statement of financial position. The pension surplus arises from contributions made by the Company for former employees who left the pension plan prior to the vesting date, and can be offset against the Company's future pension contributions payable.

13. Financial instruments

The estimated fair values of the Company's cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities and deposits held approximate their carrying values.

Financial instruments which potentially subject the Company to concentrations of credit risk consists of cash and cash equivalents, investments and accounts receivable.

Cash and cash equivalents and investments consist mainly of cash deposits. The Company has deposited the cash and cash equivalents and investments with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company's credit risk with respect to its accounts receivable is minimized by the Company's large customer base, which covers consumer and business sectors in Bermuda. The Company follows a programme of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Company maintains provisions for potential credit losses and any such losses to date have been within management's expectations.

Commitments

As at June 30, 2025, the Company had contracted capital commitments in respect of plant and equipment of \$215,581 (June 30, 2024 - \$93,956). These commitments will be met from operations during 2025.

During 2020, the Company entered into a service contract with a third party, to construct a reservoir, pump station and Phase 1 treatment building at Lot 6B, Luke's Pond Drive, Southampton. Construction began in February 2021 and the project was completed in January 2025. There are no outstanding commitments for this project as at June 30, 2025.

14. Capital disclosures

The Company's objectives in managing capital are to ensure sufficient liquidity to enable the internal financing of capital projects and working capital needs, thereby facilitating its expansion, to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to provide an adequate return to shareholders.

The Company's capital is comprised of shareholders' equity. The Company's primary uses of capital are to fund increases in non-cash working capital, along with capital expenditure for new production processes and distribution networks. The Company currently funds these requirements out of its internally generated cash flow. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders. The Company is not subject to any externally imposed capital requirements.

Watlington Waterworks Limited
Notes to Consolidated Financial Statements (Unaudited)
For the six months ended June 30, 2025

15. Summaries of the last 5 six-month financial periods ended June 30

	2025 \$	2024 \$	2023 \$	2022 \$	2021 \$
Revenue (including interest)	7,592,693	6,763,761	5,752,905	5,557,182	4,896,420
Net earnings	1,998,084	1,815,167	1,185,127	1,057,191	916,014
Dividends	651,969	542,328	537,837	429,043	428,582
Equity	42,288,160	41,254,511	39,514,253	38,064,365	36,973,323
Total assets	43,437,680	42,189,956	40,390,169	39,542,292	37,812,226
Per share amounts					
Net earnings	1.84	1.67	1.10	0.99	0.85
Dividends	0.60	0.50	0.50	0.40	0.40
Equity	38.91	38.00	36.73	35.49	34.48

16. Directors share interests and service contracts

Pursuant to Regulation 6.8(3) of Section 11B of the Bermuda Stock Exchange Listing Regulations, the total interest of all directors and officers of the Company as at June 30, 2025 was 126,176 (June 30, 2024 – 285,399) shares. No rights to subscribe for shares in the Company have been granted to or exercised by any director or officer, except for the management staff who qualifies under the employee share purchase plan.

The Company has a service contract with a third party entity in which a director of the Company holds a material interest. Fees under the service contract for the six months ended June 30, 2025 amounted to \$73,112 (June 30, 2024 - \$60,478). There are no other contracts with the Company in which a director has a material interest, either directly or indirectly.