

Watlington Waterworks Limited

Directors' Report to Shareholders

For the six months ended June 30th, 2023.

The year 2023 started strong for both piped and bottled water but the excessive rainfall in late May and in June reduced the piped water sales as expected. At the end of May the Company had sold 81 million gallons vs. 75 million gallons for the same period in 2022 but this quickly changed in June when a surplus of 6 million gallons turned to a deficit of 4 million gallons.

Despite the drop of piped water sales in June the Company still achieved an increase in net earnings, \$1,185,127 vs. \$1,057,191 for the same period in 2022.

The Company's newly constructed 3-million gallon reservoir is currently in the testing phase prior to commissioning.

The Company continues to invest in and replace infrastructure.

The Board will continue to position the Company to be able to meet future capital and operational demands with financial flexibility to successfully adapt to market changes and future opportunities.