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Water Intelligence PLC  
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**Water Intelligence plc**  
("Water Intelligence", the "Group" or the "Company")

**Q3 Trading Update**

Water Intelligence plc (AIM:WATR.L) is a leading provider of precision, minimally-invasive leak detection and remediation solutions. The Group's strategy is to leverage its franchise sales footprint across the U.S. and Commonwealth countries to be a "one-stop" platform for residential, commercial and municipal customers.

Water Intelligence is pleased to provide an update on trading through the end of Q3. Our financial results continue as strongly as we set forth in our interim results for the first half of 2016. Revenue exceeded market expectations and through Q3 has actually reached the same level as achieved for all of 2015. Profits before tax have also grown and are in-line with market expectations, despite significant investment to drive future profitability. We will continue to invest in operations today to fuel even faster 2017 revenue growth so that we may exploit strong US market demand for water and infrastructure solutions. Please see, on our web site, the link to the Water Infrastructure Improvements for the Nation Act signed by President Obama on December 16, 2016. Our 2016 transactions described below, particularly regarding our UK sewer and wastewater company, put us in a better position to harvest such market opportunity. Profit margins should also grow during 2017 as a significant amount of 2016 expenses are one-time transactions-related expenses.

Overall, 2016 has been a busy year with a three-pronged corporate growth strategy. First, the franchise system has continued to grow organically through the development of national sales channels. We are executing in line with our interim results for franchise royalty growth and we now exceed \$75 million in annualised system-wide sales to end-users. We have completed four reacquisitions of franchisees in this period - South New Jersey, Cincinnati, Northwest Arkansas and Sydney - deepening our approach to developing a regional corporate presence from which to grow the existing franchise system. Such reacquisitions also directly add critical mass to revenue and earnings as our corporate stores continue to execute strongly in line with our interim results. Arkansas and Sydney were closed in Q4 and their results are not included in this trading update. Even without their inclusion, sales from corporate-run operations through Q3 have exceeded sales from corporate stores for all of 2015. Finally, we acquired a fast growing UK municipal sewer and wastewater company that will be able to layer its solutions onto our franchise system across the US, Australia and Canada and provide water infrastructure

solutions. This transaction closed in September and only an initial, strong month was included in the Q3 results.

Since the end of Q3, the Company has completed both a round of equity financing at a price that represented a premium to market and a new, broader bank financing putting the Company in position, as noted above, to accelerate its growth strategy in 2017.

Commenting on the Group's trading performance, Dr. Patrick DeSouza, Executive Chairman of the Company, stated:

*"We are encouraged by the above results as we accelerate our efforts to build a multinational growth company that provides solutions to meet the strong demand for water and infrastructure solutions. Through Q3 we have exceeded our turnover targets twice and expanded our organization to support such growth whilst continuing to be "in-line" with market expectations on profits before tax. We appreciate the confidence shown by new investors and a new more robust banking relationship."*

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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