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Water Intelligence plc
("Company" or the "Group")

January to April Trading Update

Water Intelligence plc (AIM: WATR.L), a leading provider of precision, minimally-invasive leak detection and remediation solutions is pleased to provide a trading statement for the period January to April 2017. As stated in the Group's 2016 Annual Report and Accounts released on 16 May 2017 ("2016 Report"), the growth trend within the business is continuing to accelerate. Through April, sales growth for 2017 has reached 50% growth over the same period during 2016, compared to full year 2016 sales growth of 38% (2015: 23%). Profits before tax remain in line with expectations given the Company's choice to fuel further growth through reinvestment in order to capitalise on the market opportunity, both at an individual franchise level and through national sales channels, together with an increasing pipeline primarily in Australia and the UK.

Trading Update

For context, the 2016 Report elaborated how the Company's growth trajectory is accelerating along various business dimensions. Annual sales grew 38% to $12.2 million. This growth occurred both at the franchise system level with royalty income growing 6.2% to $5.5 million (implying approximately $75 million of sales to ultimate end-users of our services) and at the corporate level with corporate-operated stores growing 61.3% to $4.2 million. The Company also indicated that its recently acquired UK subsidiary, NRW Utilities ("NRW"), contributed $540,000 of sales for the four months in 2016 that it was part of the Group and that its objective would be to unlock synergies with the Group's franchisees in the U.S. and Australia with respect to municipal work.

The period January 2017 to April 2017 showed the same breadth of the Group's growth drivers. First, Water Intelligence total sales on a consolidated basis grew 50.0% to $5.2 million over the same period (2016: $3.5 million). It should be underscored that this result builds on Water Intelligence sales from January to April 2016 which represented a 22.19% growth over the same period in 2015. Typically, the first four months represent under one third of total annual sales. Hence the Company reiterates its belief, as noted in the 2016 Report, that the $20 million level of sales is within sight.

The growth this year, as in previous years, has continued across the Company's different channels to market. The franchise system has continued to grow with royalty income advancing 7.7% to $2.1 million. This continued growth, despite the conversion of some royalty income to corporate-operated sales as part of the Company's strategy is partly attributable to the further development of national sales channels, especially insurance. These national channels involve business-to-business agreements and structured work flow as opposed to traditional work done at the local level by franchisees for insurance companies, property management and pool companies. Insurance company jobs coming through the formal channel almost doubled to 11,300 from January to April 2017 in contrast to 5,800 for the same period in 2016. During 2017 thus far the Company has announced its first two formal two business-to-business agreements (one with a major insurance company in Q1; one with a major pool management company in Q2).

Sales from corporate stores have increased 60% to $1.8 million over the period (2016: $1.1 million). As discussed in the 2016 Report, corporate-operated sales have increased both from the reacquisition of select franchisees, as well as organic growth after reacquisition. Strategically, the Company plans to reinvest in its corporate-operated locations to create regional hubs to support continued franchisee growth at the local level. Beyond key areas of the U.S., the reacquisition of a former franchise in Sydney, Australia at the end of 2016 affords the Group along with its Australian franchisees a promising regional opportunity to capture the market. The Company has advanced its corporate-operated growth strategy in 2017 with the opening of its Washington D.C. location in May and the reacquisition of its Indianapolis franchise in June.

The Company continues to drive synergies between its established franchise and corporate operations and the Group's sales footprint has now passed $80 million. The footprint may be reinforced with additional business-to-business channels that lower customer acquisition costs. To this end, NRW enables the Group to develop a municipal sales channel given its extensive experience in the UK and abroad. Through April, NRW has continued its good start from the last four months of 2016, similarly contributing $520,000 of sales to the Group. NRW has begun to work with corporate and franchise locations in the U.S. and Australia to bid for and execute municipal jobs.

From January to April, the Group has prioritized reinvestment to fuel sustainable growth. It has done so because worldwide market demand for water solutions is increasing. And with complementary capabilities across the US, UK, Canada and Australia afforded by its subsidiaries American Leak Detection and NRW Utilities, the Group can capture valuable market share. To this end, critical mass of at least $20 million of Group sales will be a helpful milestone in terms of market presence. The board has a goal for 2020 of underlying franchise system sales to be $100 million or approximately $7.5 million in royalty income. This marker is also within sight. The Group has hired additional headcount ahead of its busy summer months in the United States to meet anticipated demand, which together with increased infrastructure at corporate level to enable accelerated future growth, is responsible for offsetting some of the increased revenues, meaning that the Company remains in line with market expectations for profitability.

The Group has sufficient cash reserves to execute its growth plan. Cash at the end of April was $935,000. This level is in keeping with the 2016 Report which indicated an objective of annual cash balances being approximately $1,000,000. Note that during the summer months in the US, cash reserves typically grow. Moreover, the Group still has approximately $1.1 million available in its acquisition line of credit under its banking facilities, even after the recent acquisition of the Indianapolis franchise.

Results for the period January to April 2017 provide the Group confidence that it should continue with its "multinational growth" plan, a direction indicated in the Outlook section of the Chairman's Statement for the 2016 Report.

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

"We are pleased that sales growth is accelerating along all key dimensions. We are making the investments needed to sustain our fast growth trajectory to take advantage of increasing market demand for our enhanced set of solutions for water loss whether residential, commercial or municipal, whether potable or non-potable. Our goal remains to create a valuable multinational company and we believe that we are moving substantially in that direction, whilst maintaining healthy levels of profitability."

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