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

Q3 Trading Update; American Leak Detection Annual Convention

Water Intelligence plc (AIM: WATR.L), a leading provider of precision, minimally-invasive leak detection and remediation solutions is pleased to provide a trading update for the year through September 30. This update reaffirms the first half guidance that the growth of the business is continuing to accelerate. Sales are 50% higher than were achieved over the comparable period in 2016. Further, this update is communicated coincident with the start of the Annual Convention for the Group's core American Leak Detection business ("ALD"). At this year's Convention, ALD's next five-year plan will be launched with ambitious targets. That plan, outlined below, builds on the last five-year plan that saw ALD's System-wide sales by franchisees grow by more than 35% and pass \$85 million. Such franchisee sales provide the recurring royalty-income foundation upon which the Group's sales are derived. The ALD franchise system, spanning the US, Australia and Canada, is also the strategic foundation for the expansion of the Group's fast-growing UK-based municipal sewer and wastewater business - Water Intelligence International.

Trading Update. Through Q3, Group sales reached \$13.27 million which is 50% higher than the comparable period in 2016 (Q3 2016: \$8.85 million). Moreover, this result at Q3 is already approximately 10% higher than full year 2016 Group sales of \$12.18 million. To put the Group's acceleration in broader perspective, the Q3 result is almost double the full year 2014 Group sales of \$6.82 million. While the Group's sales still mostly reflect the core ALD business, during Q3 the Group achieved a business plan milestone with Water Intelligence International passing \$1 million in sales (Q3 2017: \$1.05 million; Q3 2016: Nil).

All components of the American Leak Detection business have continued strongly *despite* historic anomalous circumstances of severe flooding from hurricanes in Florida and Texas and wildfires in California. These disasters limited available workdays during which ALD could generate additional revenue and earnings. Through Q3, franchise royalty income still grew 7.5% to \$4.62 million (Q3 2016: \$4.30 million). Such faster than historic growth levels is largely attributable to ALD's corporate strategy of focusing on national accounts such as insurance, property management and pools. Corporate-operated stores grew 62% to \$4.99 million (Q3:\$3.09 million). Product and equipment sales grew 11% to \$0.8 million reflecting the continued commitment among our franchisees toward growth. (Q3 2016: \$0.72 million).

Profits before taxes remain in-line with expectations as the Group continues to reinvest for accelerated growth. During the course of Q3, the Group increased spending for its Sydney operations putting in senior management and hiring additional staff to guide the growth of both corporate and ALD franchise operations in Australia. The Group also increased marketing efforts to acquire additional national accounts in the United States. More broadly, to meet increased demand for ALD services, the Group plans to build regional training centres over the next three years to supply additional technicians to meet increased demand for ALD's services. Beyond on-going generation of cash from operations, the Group has sufficient standby resources to execute its growth plan. As of the end of October, Water Intelligence has approximately \$0.9 million in cash, \$250,000 in an untapped working capital line of credit and approximately \$1 million in a bank acquisition line of credit to support additional reacquisitions of franchise locations.

American Leak Detection Convention. Franchisees from across the United States will meet in Boston during 1-4 November. Given ever-increasing market demand for solutions to the global problems of water loss and aging infrastructure, the Group will launch its next five-year plan geared for the expansion of the ALD franchise business both in terms of service footprint and solutions offerings. The ALD business has an existing service delivery footprint of 42 states of the U.S. (also Australia, Canada and Belgium). Over the last five years, the Group has used the ALD footprint to establish formal national accounts for insurance, property management and pool customers. With such baseline customer demand, ALD has the opportunity to expand to more cities in the United States. Further, over the next five years, the Group can also use Water Intelligence International to cross-sell a variety of new municipal offerings for both potable and non-potable water through the existing franchise system. Such municipal offerings have already been test-marketed and introduced during 2017 through pilots in selected U.S. locations and in Sydney, Australia.

The Group is also committed to the introduction of proprietary technologies over the next five years both to enhance brand differentiation and to create the right infrastructure for efficient scaling of operations. Since the 2016 Convention, the Group has successfully implemented a new Internet marketing program throughout the US, Canada and Australia. At this Convention, the Group will be introducing video search technology to further advance Internet marketing. Moreover, in terms of enhancing its service offerings, one example to be unveiled this week will be a demonstration of a new municipal technology that will be beamed into the Boston Convention from a real-time field trial with a major water utility in the UK.

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

"Needless to say, we are pleased with our results. We are having yet another good year. More importantly, we are all - franchisees and corporate staff - looking forward to executing the next five-year plan. We have a big market to capture and a set of operations and offerings now in place that can scale aggressively. To that end, we are pleased that former Admiral John Weigold has joined our experienced board and will be infusing our firm culture with an invigorated 'can do the mission' spirit."

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

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