



Water Intelligence plc

Trading Update 1Q 2020

Water Intelligence plc (AIM: WATR.L) (“Water Intelligence” or “Company”), a leading multinational provider of precision, minimally-invasive leak detection and remediation solutions for both potable and non-potable water is pleased to provide a trading update for year-to-date through the end of the first quarter.

Results for 2020 through 1Q show continued growth in revenue and profits; results are comfortably in-line with expectations for both revenue and profit before taxes (statutory and adjusted).

Given the onset of the Covid-19 crisis during 1Q, the Company has shown strong execution and remains on track to deploy a new proprietary sewer diagnostic product to serve customers in navigating a public health issue of pipes clogged with sanitary wipes during the crisis.

Highlights:

- **Financial:** Water Intelligence revenues grew strongly by 15% to \$8.3 million (1Q 2019: \$7.2 million); profits before taxes (statutory) grew strongly by 35% to \$0.7 million (1Q 2019: \$0.5 million)

Key Performance Indicators

- Franchise: American Leak Detection franchise royalties grew 4% to \$1.8 million (1Q 2019: \$1.7 million)
 - Implying approximately \$25 million in year-to-date gross sales to third parties from which royalty is derived
- Franchise-Related Activities: business-to-business insurance channel; equipment sales, franchise sales grew 11% to \$2.1 million (1Q 2019: \$1.9 million)
- US Corporate-Operated Locations: grew 29% to \$3.6 million (1Q 2019: \$2.8 million)
- International Corporate-Operated Locations: grew 14% to \$0.8 million (1Q 2019: \$0.7 million)
 - Includes UK municipal operations and full-service operations in Ontario, Canada and Sydney, Australia
- Net Cash (Cash minus Total Borrowings and Deferred Consideration for Franchise Reacquisitions through 2025): (\$0.13) million

- Water Intelligence profit before taxes adjusted for non-cash expenses (amortization and share-based payments) comfortably in-line with expectations growing 38% to \$0.83 million (1Q 2019: \$0.6 million)
- Corporate Development:
 - Successful National Convention for American Leak Detection in Scottsdale, Arizona March 11-14 with launch of next five-year growth plan for franchise system
 - Proprietary sewer diagnostic product for residential use on track to be rolled-out in the US by 1 July 2020 (municipal version currently used at sites in UK and US)
 - Technology product for e-commerce from Entertainment AI to be rolled-out in US on track for 3Q (Company working with insurance companies to market/resell water monitoring products and provide leak detection services)
- Covid-19 Management:
 - As an “essential service provider” in solving water and wastewater infrastructure problems, the Company continues to be prudent in navigating the crisis. Execution has included efforts to safeguard our technicians with protocols and protective equipment and to provide new value-add services for our insurance company partners who are relying on our brand and reputation for quality to enhance the homeowner /consumer experience during these challenging times

Commenting on the Group’s performance, Executive Chairman, Dr. Patrick DeSouza remarked: “Global market demand for solutions to water loss from leakage and to health issues from failing wastewater infrastructure is strong and continues to grow. The Covid-19 crisis only underscores the on-going need for ‘essential’ products and services related to water and wastewater.

We are exceptionally proud of our teams in the US, UK, Australia and Canada. During the Covid-19 crisis, they have put our customers with water and wastewater problems first as shelter at home policies have been implemented. We are rolling out our new offerings based on proprietary technology and remain ambitious with our next five-year plan for creating a world-class company that addresses sustainability issues. Our strong results point to the importance of this investment category both in good times and in bad.”

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014

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