



Water Intelligence plc

Reacquisition of Minneapolis, Minnesota Franchise

Water Intelligence plc (AIM: WATR.L) (“Water Intelligence” or “Group”), a leading multinational provider of precision, minimally-invasive leak detection and remediation solutions for both potable and non-potable water is pleased to announce the reacquisition of its Minneapolis, Minnesota franchise (“Minneapolis”) within the Group’s American Leak Detection subsidiary (“ALD”).

Minneapolis is a significant reacquisition that enables the Group to add further scale to Water Intelligence, both operationally and financially. The acquisition is accretive to shareholder value and builds on a long-term growth strategy that over the last five years has produced compounded annual growth of 35% in terms of revenue and 33% in terms of profit before taxes.

Operationally, the Group seeks to reinforce ALD’s brand leadership across the United States. ALD operates in 46 states of the United States and generates over \$125 million in sales to third parties. Its solutions are delivered by franchise locations and corporate locations operating under the same brand.

Franchise reacquisitions in strategic locations facilitate the Group’s ability to grow regional geographies faster through more centralized marketing and management. Operationally, the reacquisition of Minneapolis creates a corporate base in the Upper Midwest region of the United States. The current franchise team will be staying in place to grow the business faster with additional working capital. Minneapolis also provides the Group a regional hub to cross-sell solutions from its UK-based municipal business to ALD’s customers. During 2019, the Group executed several significant municipal contracts in the Upper Midwest.

Financially, for full-year 2019, Minneapolis generated approximately \$985,000 of sales and \$315,000 of pre-tax profits. Through Q1, the team in Minneapolis has successfully navigated the Covid-19 crisis and is on-track to produce similar strong results in 2020 for the Group’s P&L. As noted in our recent Q1 Update, demand for the ALD’s water and wastewater infrastructure services remains strong in that such solutions are considered “essential services” as homeowners “shelter-in-place.” The purchase price for the reacquisition which includes all assets to conduct operations (trucks, equipment etc.) is approximately \$1.3 million to be paid evenly over four years.

Commenting on the Group’s performance, Executive Chairman, Dr. Patrick DeSouza remarked: “We seek to distinguish ourselves among companies operating in the Covid-19 marketplace. We plan to accelerate our growth plans during Q2 given our success in navigating during Q1. Global

market demand for solutions to water loss from leakage and to health issues from failing wastewater infrastructure is strong and continues to grow.

We are continuing to execute our proven growth plan of (i) gaining national accounts to scale our sales footprint, (ii) reacquiring franchises selectively to add operational and financial scale and (iii) introducing new technology-based products to leverage our market-making capabilities. We look forward to working more closely with the team in Minneapolis to realize accelerated growth.

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

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