



Water Intelligence plc

Reacquisition of San Jose, California 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 San Jose, California franchise (“San Jose”) within the Group’s American Leak Detection subsidiary (“ALD”).

San Jose is the second significant reacquisition that the Group has executed during the second quarter while navigating the Covid-19 crisis. The first one – Minneapolis – provides a regional corporate base in the Upper Midwest, where the Group has been successful in also cross-selling municipal leak detection solutions from its UK-based Water Intelligence International operations. The reacquisition of San Jose, meanwhile, is exceptionally strategic in that it enables the Group to have a regional corporate base in Silicon Valley.

As discussed below, the acquisition is accretive to shareholder value and builds on a long-term growth strategy that over the last five years has delivered compounded annual growth of 35% in terms of revenue and 33% in terms of profit before taxes. 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. As part of its long-run growth strategy, the Group seeks to reinforce ALD’s brand leadership across the United States through reacquisitions of select franchises and the establishment of regional corporate operations that reinforce and fuel growth in the franchise System.

A corporate presence in Silicon Valley will enable the Group to advance its innovation roadmap and to build on strong R&D relationships that the Group has at Stanford University. Corporate operations will also reinforce the growth of two already successful, multi-million dollar franchises in the San Francisco and Berkeley geographies of the Bay Area.

Financially, for full-year 2019, San Jose franchise operations generated approximately \$0.7 million of sales and \$0.2 million of pre-tax profits. The purchase price for the reacquisition which includes all assets to conduct operations (trucks, equipment etc.) is approximately \$1.05 million to be paid over three years.

Commenting on the Group’s performance, Executive Chairman, Dr. Patrick DeSouza remarked: “We continue to distinguish ourselves among companies operating in the Covid-19 marketplace. We are accelerating our growth plans during Q2 given our success in navigating the crisis during Q1. Water and wastewater solutions are “essential services” and we continue to operate in line

with shelter-in-place policies. 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 reacquisition of San Jose is very strategic. The Group’s solutions are driven by cutting-edge technologies. With a corporate presence in Silicon Valley, we plan to extend our leadership in bringing further innovation to solve the world’s water and wastewater problems.”

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

Enquiries:

Water Intelligence plc

Patrick DeSouza, Executive Chairman
Adrian Hargrave, VP Corporate Development

Tel: +1 203 654 5426
+44 (0)7775 701 838

WH Ireland Limited - NOMAD & Broker

Adrian Hadden
James Sinclair-Ford
Matthew Chan

Tel: +44 (0)207 220 1666

Dowgate Capital Ltd – Broker & Advisor

Stephen Norcross

Tel: +44 (0)203 903 7721