



Water Intelligence plc

Reacquisition of Maryland Franchise Addition of Technology Executive to Group

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 franchise operation that encompasses the entire state of Maryland (“Maryland”) within the Group’s American Leak Detection subsidiary (“ALD”).

Maryland is a significant reacquisition. As noted above, the franchise territory covers the entire state of Maryland which includes significant cities such as Baltimore, Bethesda, and Annapolis. The reacquisition enables the Group to add further scale to Water Intelligence, both operationally and financially. The acquisition is accretive to shareholder value and fuels the Group’s long-term growth strategy that has produced strong returns in revenue and profits over the last five years. The Group has already indicated that, despite Covid-19, it is operating as an “essential service provider” and performance remains in-line with analyst expectations for 2020.

In executing its growth plan, the Group plans to open a regional office in Baltimore to integrate various aspects of the Group’s expansion, especially with respect to its proprietary product roadmap. In this context, the Group also announces the hiring of Silicon Valley veteran Daniel McDonald. Mr. McDonald, a graduate of Stanford University with both a bachelors and a masters degree in engineering and with significant professional experience in venture capital and product development, will head the Baltimore regional office and lead the Group’s innovation push to address growing water infrastructure and green economy issues in the United States and around the world.

Operationally, the Group continues 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 annual sales to third parties from both franchise and corporate-operated locations under the same brand. The Northeast US is a region of high disposable income and an area in which the Group’s residential, commercial, and municipal offerings are in strong demand.

Today’s reacquisition accelerates such efforts at brand integration and market capture. First, a new regional corporate office in Baltimore will link corporate operations from Boston to New York to Washington DC. Moreover, such regional integration will also include highly successful franchises in Northern New Jersey and Philadelphia that each execute well over \$1 million in sales. Second, the Group plans to use its Baltimore office to establish a US municipal operation for its UK-based Water Intelligence International subsidiary. As indicated during 1H, Water Intelligence

International plans to roll-out its proprietary sewer and wastewater acoustic diagnostic device for both municipal and residential customers during 3Q. Mr. McDonald is working with Steve Gayler, head of Water Intelligence International on that product release.

Financially, for full-year 2019, Maryland generated approximately \$1.07 million of sales and approximately \$0.4 million of pre-tax profits. The purchase price for the reacquisition which includes all assets to conduct operations (trucks, equipment etc.) is \$1.35 million.

Commenting on the Group's plan, Executive Chairman, Dr. Patrick DeSouza remarked: "We seek to distinguish ourselves among companies operating in the Covid-19 marketplace. We are accelerating our growth plans because we are bringing important solutions to water and wastewater issues that remain in high demand, especially during this pandemic as people "shelter-in-place". The combination of reacquiring Maryland to fuel operational growth and the opportunity to work with Daniel McDonald on leveraging our existing multinational sales and distribution footprint to bring to market new innovation products is quite exciting. Our second half has started strongly."

Executive Vice-President Daniel J. McDonald added: "I am incredibly pleased to contribute to the future of Water Intelligence. The Group has significant attributes of strong growth companies that I have helped build in Silicon Valley: an important, sizeable market around which the Company's innovation can make a difference and a solid foundation of technology deployment in its existing solutions as a springboard to capture that market. Deteriorating water infrastructure is an acute problem that should matter to all of us. It is a profound question of water security. Moving quickly from our regional office in Baltimore, with its proximity to Washington DC and policy development over infrastructure spending for the green economy, we have an opportunity to make an impact in the marketplace."

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

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