



Water Intelligence plc

Trading Update 3Q 2020 Profit Before Tax Exceeding Expectations

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 third quarter.

The Company had a very strong third quarter building on its already strong 1H results. Revenue accelerated and profit before taxes (statutory and adjusted) are on track to exceed expectations for full year 2020. The Company also has a strong corporate development pipeline for 4Q and 2021.

Despite government shutdown orders in response to the Covid pandemic, Water Intelligence, as an “essential service provider”, accelerated execution of its strategic growth plan during 3Q by: (i) closing another national insurance account; (ii) reacquiring three franchises in strategic geographies; and (iii) initiating commercialization of its proprietary sewer diagnostic product. The Company is also proud to have received in July the *Green Economy Mark* from the London Stock Exchange sharpening its brand for a community of ESG investors.

Water Intelligence is on a mission to help customers navigate the Covid crisis by being an “essential service provider” of water infrastructure services.

Highlights

Financial

Water Intelligence revenues grow by 13% to \$27.8 million (3Q 2019: \$24.7 million; FY 2019: \$32.4 million)

Key Performance Indicators

- Franchise: American Leak Detection franchise royalties grow 2% to \$5.14 million (3Q 2019: \$5.06 million)
 - Implying approximately \$71 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 grow 14% to \$6.94 million (3Q 2019: \$6.11 million)

- US Corporate-Operated Locations: grow 15% to \$12.76 million (3Q 2019: \$11.06 million)
- International Corporate-Operated Locations: grow 21% to \$2.96 million (3Q 2019: \$2.45 million)

Water Intelligence statutory and adjusted profit before taxes showing accelerating growth against first half results and are on track to exceed full year expectations.

3Q Corporate Development Accelerating

- Strong Execution: Implementation of protocols and navigation of Covid-19 challenges
- National Account: Added another leading insurance company
- Franchise Reacquisitions (3): Maryland (US); Melbourne and Brisbane (Australia)
- Innovation: Initiate commercialization of proprietary sewer diagnostic product with further traction in early 4Q
- Brand: Receipt of *Green Economy Mark* from London Stock Exchange

Commenting on the Group's performance, Executive Chairman, Dr. Patrick DeSouza remarked: "Global market demand for solutions to clean water loss and to wastewater blockages is strong and only growing. The Green Economy continues to be pressingly relevant. Solutions for problems stemming from deteriorating water infrastructure take on more urgency as consumers shelter in place from Covid and as the effects of climate change, such as fires ravaging the US west coast, become more evident.

We are accelerating our growth plan and have had a very busy 3Q during a challenging time for many sectors of the economy. We achieved growth across the board: (i) continued organic growth from both franchise and corporate operations, especially based on demand from national accounts that seek to leverage our efficient delivery of solutions across 140+ locations; (ii) growth of revenue and profits from three reacquisitions of franchises; and (iii) early signs of a new source of growth from our proprietary sewer diagnostic product that had been in development. We look forward to continuing to increase our share of a big global market and to provide Green Economy leadership during 4Q and beyond."

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)7920 599 793

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