



Reacquisition of Seattle 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 that it has reacquired the Seattle franchise of its American Leak Detection (“ALD”) subsidiary.

The reacquisition is the largest franchise reacquisition to date and strategic in tying together different growing business segments and creating efficiencies. The transaction is accretive for shareholders and, combined with the December reacquisitions of New Orleans, Louisiana and Melbourne, Florida creates significant momentum for accelerating growth in 2021. It caps a strong 4Q for the Group that also saw two insurance company wins and an oversubscribed capital raise. It also capped a 2020 to remember during which the Group navigated well around the challenges of the Covid marketplace.

For 2020, Seattle reached approximately \$2.7 million in revenue and \$0.8 million in profits before tax adjusted. The purchase price is \$5.5 million in cash, split \$5 million based on 2020 performance and another \$500,000 based on higher financial performance through year-end 2022, which is subject to clawback. The Group paid \$4 million at Closing and will pay the remainder through January 2023.

The Seattle reacquisition creates a northwest regional hub in the U.S. for the Group. Seattle has several key attributes for unlocking operating synergies. First, the Seattle team has substantial experience with municipal solutions. As a result, Seattle is an optimal location for the establishment of the US headquarters for the Group’s fast-growing, UK-based, Water Intelligence International subsidiary which specializes in municipal offerings. Second, Seattle will enable the Group to tie together its growing corporate operation in Portland to the south and a new greenfield location to be set up in Vancouver, Canada to the north. Third, Seattle is an important center for “green economy” technology in the US. During 2Q 2020, the Group reacquired its San Jose, California franchise in the heart of Silicon Valley. The Seattle location, linked to the Group’s San Jose operations, reinforces the Group’s access to new technologies that are relevant for leadership in the Green Economy.

In 3Q the Group received the Green Economy Mark from the London Stock Exchange and in 4Q Water Intelligence plc was included in various MSCI indices. Building on such recognition through the Seattle reacquisition, the Group intends to further sharpen its brand identity during 2021 as a leading “technology-enabled” service for the green economy – an investment thesis attractive to institutional investors, especially those in Silicon Valley.

The leadership team in Seattle will be staying to help grow the Northwest operations. In addition, one member of the leadership team will be moving to San Jose to grow that corporate operation and to link the technology operating plan between San Jose and Seattle.

Executive Chairman, Dr. Patrick DeSouza commented: “We are delighted to start 2021 with the reacquisition of Seattle. It is a cornerstone location for our growth plan and will reinforce our technology leadership for the Green Economy. Most importantly, we have added to our already strong management team with a team that has built a multi-million dollar location themselves. We had a remarkable 2020 despite the challenges of Covid and, importantly, we have positioned ourselves with significant momentum for a very strong 2021.”

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

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