



Acquisition of IP Assets for Irrigation and Stormwater Solutions

Water Intelligence plc (AIM: WATR.L) (the “Group” or “Water Intelligence”), 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 acquisition of intellectual property assets (“IP”) from FastDitch, Inc., a US corporation (“FastDitch”). The IP Assets will be used to launch a new subsidiary of the Group’s core American Leak Detection business (“ALD”) dedicated to providing water infrastructure solutions. The subsidiary will operate under the tradename *Intelliditch*. As set forth in a recent market communication, the Group is accelerating its growth plan given the anticipated increase in market demand for water infrastructure solutions stimulated by the Biden Administration’s American Jobs Plan.

The IP will be used to manufacture proprietary lightweight HDPE lining solutions for earthen or concrete water channels enabling cost-effective reduction of water loss. The products are also adaptable for mitigating stormwater run-off problems. Given the multi-year drought in the American West, demand for effective irrigation solutions is acute. In addition, the Biden Administration’s water infrastructure initiatives target the problem of stormwater run-off. ALD’s 150+ corporate and franchise locations across the US will provide sales and distribution support to customers – residential, property management and municipal - needing liner solutions after benefiting from ALD’s pinpoint leak detection.

It is anticipated that the new subsidiary will contribute to Group sales during 2H of this year. Manufacturing of liner products by a contractor will start immediately with modest upfront expense for tooling. Manufacturing will be calibrated to current pre-sales and customer orders.

The purchase price for the IP is a 25% equity stake for FastDitch in *Intelliditch* and options for 100,000 shares of Water Intelligence at an exercise price of 822.5 pence, being yesterday’s mid-market Closing price. The acquisition agreement provides FastDitch incentives to increase its equity stake in the subsidiary to a maximum of 40% based on *Intelliditch* achieving trailing twelve months revenue of \$3.75 million and minimum of \$0.35 million in profits.

The board of *Intelliditch* will be Chaired by Daniel McDonald, a Silicon Valley veteran with venture capital experience, whose addition to the Water Intelligence management team was announced during 2020.

Daniel McDonald commented: “Water Intelligence is really a technology brand creating solutions for preserving the world’s most precious resource. American Leak Detection pioneered proprietary acoustic technology solutions for minimally-invasive leak detection. Over the last two years, Water Intelligence has advanced the Group’s technology profile with investments in sewer diagnostic technology for both residential and municipal markets and video e-commerce to distribute new water-related consumer products. Addressing the tremendous inefficiencies of water conveyance by open channels all around the world is a natural extension of Water Intelligence’s mission. We will continue to make technology investments that reinforce the Group’s sales trajectory by addressing demand for more solutions by our existing multinational customer base.”

Joining the board of the new ALD subsidiary, **Ken Suazo and Maria Montoya, principals of FastDitch** commented: “On behalf of FastDitch, Inc., we are excited to join American Leak Detection in bringing to market our proprietary liner technology. We have proven our various technology solutions with irrigation districts and municipalities across the United States showcasing agricultural water conservation projects, as well as stormwater management projects. We look forward to working with ALD locations starting with agribusiness customers in the Central Valley of California and New Mexico then expanding across the United States and globally. We also look forward to working with ALD’s sales team to design more products for water infrastructure.”

Dr. Patrick DeSouza, Executive Chairman of Water Intelligence added: “We are pleased to acquire such cutting-edge IP from FastDitch. Market demand for irrigation and stormwater run-off solutions is strong and only growing. The technology and engineering expertise provided by FastDitch combined with our American Leak Detection’s sales footprint is a powerful combination. The solutions that we have acquired today add to our portfolio and reinforce the growth trajectory for our Group.”

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

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