



Reacquisition of Northeast Florida 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 its Northeast Florida franchise (“Northeast Florida”) within the Group’s American Leak Detection subsidiary (“ALD”). Northeast Florida is a significant franchise delivering water infrastructure solutions to three cities: Jacksonville, Daytona Beach and Gainesville.

Financially, the acquisition will be earnings enhancing for shareholders. The purchase price of \$2.75 million includes all assets to conduct operations including trucks and equipment. The purchase price is based on 2020 full-year results of approximately \$2 million in sales and \$0.5 million in adjusted profits. Northeast Florida has continued to grow during 1H 2021. The purchase price will be paid over four years. The Northeast Florida franchisee leadership team will remain in place to run the operation and will expand management breadth for ALD as members of the corporate organization.

Demand is high for ALD water leak detection and repair services in this region due to a variety of factors such as the number of swimming pools, higher income levels and rainy weather.

Strategically, the Northeast Florida reacquisition follows the April reacquisition of the Central Florida location. The two reacquisitions enable ALD to link corporate operations along the eastern part of Florida from Jacksonville in the northeast to fast-growing corporate operations in Orlando and sizeable Melbourne and Miami operations, to the south. This operational scale should contribute to both growth and efficiencies. In addition, today’s reacquisition reinforces the corporate strategy of creating regional hubs to help grow both corporate and franchise operations and also to integrate UK-based Water Intelligence International’s municipal offerings in the United States.

The transaction today represents the fifth acquisition this half year, including: franchise reacquisitions in Northeast Florida, Central Florida, and Reno, Nevada; a plumbing company, PlumbRight Services, in Kentucky; and intellectual property assets for irrigation and stormwater run-off that now form the basis of the Group’s new *Intelliditch* subsidiary.

The Group also continues its organic growth trajectory. As reported earlier this month, through 30 April 2021, Group revenues grew 47% and profit before tax grew 154%, both above the Group’s revenue and profit before tax CAGRs since 2016 of 33% and 53% respectively. Importantly,

franchise royalty income grew by 6% despite eight franchise reacquisitions during 2020, underscoring wider business growth with gross sales exceeding \$140 million when including underlying franchisee sales.

The Group expects such momentum to continue. ALD is delivering “essential services” to consumers, businesses and municipalities to address their water infrastructure problems. Market demand is acyclical and growing stronger as the price of water is rising, especially with climate change-related droughts in the western part of the US and the aftermath of the big freeze in the southern parts of the United States.

Executive Chairman, Dr. Patrick DeSouza commented: “We have executed well during 1H and are finishing strongly with both organic growth and additional strategic acquisitions. Our team looks forward to accelerating our already rapid growth trajectory. Water Intelligence provides valuable solutions for water and wastewater infrastructure and we seek to help lead efforts to advance the Green Economy. We aim to deliver on the sizeable opportunity ahead and expect to launch 2H in equally strong fashion.”

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

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