



## **Water Intelligence plc**

### **Strong 1H Trading Update**

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 provide its unaudited 1H Trading Update for the period ending 30 June 2021. The Group’s acceleration in performance reported in 1Q continued during 2Q, producing a strong 1H. Moreover, transactions executed at the end of 2Q and beginning of 3Q fuel further anticipated growth for 2H and beyond.

During 1H the Group’s revenue grew by 44% to \$24.7 million (1H 2020: \$17.1 million) and statutory profit before tax by 92% to \$3.8 million (1H 2020: \$2 million). Profit before tax adjusted (PBTA) for non-cash expenses of amortization and share-based payments increased 77% to \$4.2 million (1H 2020: \$2.4 million). EBITDA grew 73% to \$5.4 million (1H 2020: \$3.1 million).

These 1H results follow a strong full year 2020 which, despite Covid-19, produced 17% revenue growth to \$37.9 million and 78% statutory profit before tax growth to \$4.2 million. More broadly, the first half also builds on the Group’s trailing compounded annual growth rate (CAGR). Since 2016, the Group has achieved a CAGR of 33% in terms of revenue and 53% in terms of statutory profit before tax.

The Group plans to announce its interim results in mid-September 2021.

**Below are Group Key Performance Indicators (KPIs)** (for further information on KPIs see Strategic Report to 2020 Accounts)

#### **Financial:**

- Water Intelligence revenue grew strongly by 44% reaching \$24.7 million (1H 2020: \$17.1 million)
  - Core business units – American Leak Detection (ALD) and Water Intelligence International (WII) – each grew strongly enabling a broader mix of residential, commercial and municipal offerings for both clean water and wastewater problems.
    - Implied total annualized sales to customers (gross sales from which franchise royalty is derived plus direct sales from corporate locations) has surpassed \$140 million providing critical mass
  - ALD revenue grew by 42% to \$21.9 million (1H 2020: \$15.4 million)
    - Royalty income from franchisees grew in absolute terms by 6% to \$3.7 million (1H 2020: \$3.5 million), despite eight franchise reacquisitions during 2020 and one during 1Q that reduced the available pool of royalty income

- Franchise-related sales (national accounts; parts and equipment; franchise territory sales) grew 14% to \$4.9 million (1H 2020: \$4.3 million)
      - Key insurance business-to-business channel grew 15% to \$4.5 million (1H 2020: \$3.9 million)
    - Corporate location sales grew 75% to \$13.3 million (1H 2020: \$7.6 million)
      - WII revenue comprising international corporate locations grew 65% to \$2.8 million (1H 2020: \$1.7 million)
  - Water Intelligence statutory profit before tax grew very strongly by 92% to \$3.8 million (1H 2020: \$2.0 million)
  - Water Intelligence profit before tax adjusted for non-cash amortisation expense and share-based payments grew very strongly by 77% to \$4.2 million (1H 2020: \$2.4 million); EBITDA grew very strongly by 73% to \$5.4 million (1H 2020: \$3.1 million)
  - Water Intelligence Balance Sheet strong as at 30 June 2021 (adjusted pro forma to include significant acquisition and capital raise in July 2021)
    - Total Cash: \$11.2 million
    - Bank Borrowings: \$9.2 million (net cash of \$2 million with amortization through 2025)
    - Company has sufficient resources (cash and EBITDA generation to execute its current accelerated growth plan and to meet all debt obligations)

**Corporate Development** (including subsequent events):

- Oversubscribed equity capital raise completed in July 2021
- Expansion of bank credit facility
- Acquisitions
  - Franchises: Central, Florida; Northeast Florida; Reno, Nevada; Las Vegas, Nevada; Phoenix, Arizona
  - Plumbing company: Louisville, Kentucky
  - IP assets for irrigation and stormwater run-off; launch of *Intelliditch* brand and subsidiary
- Four national insurance contracts
- Commercialization of proprietary sewer diagnostic product
- Addition of Board member with substantial financial markets experience
- Addition of Chief People Officer with substantial industry experience

Commenting on the Group's performance, Executive Chairman, Dr. Patrick DeSouza remarked:

“Once again we are reporting outstanding results. These results are the product of an outstanding execution team, strong board and supportive institutional and high net worth shareholders. Most recently, we completed an oversubscribed funding round and we are truly appreciative of the support from our investors. We are accelerating our efforts to build and deliver a world-class company because we are on a mission to provide private sector leadership and solutions to water and wastewater infrastructure problems, especially in light of climate change.

We look forward to attacking this global market opportunity. During Covid-19, we were designated as an ‘essential service provider’ as citizens sheltered in place. As jurisdictions

around the world invest in infrastructure in the aftermath of the pandemic - underscored by Biden Administration's American Jobs Plan and its anticipated \$100 billion investment in water and wastewater infrastructure – we anticipate strong demand for our solutions to safeguard the world's most precious resource.”

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

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