Water Intelligence plc

Trading Update Q3 2021
Now Surpassing Full Year 2020 Results

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 provide a trading update for the nine months ended 30 September 2021.

The Group continues to perform strongly and by the end of Q3, has surpassed full year 2020 results for revenue, profits and EBITDA. Profit for full year 2021 is now expected to be at the upper end of consensus analyst estimates.

Corporate development execution driving both organic and acquisition-led growth continues to be strong with the Group achieving a new national insurance contract, new channel partnership with a Midwest US homebuilder and three franchise reacquisitions during Q3. These transactions will feed further growth in Q4 2021, 2022 and beyond. Moreover, the corporate development pipeline for Q4 and 2022 remains strong.

Critical mass of market capture continues to grow strongly. Total gross revenue (direct sales by corporate locations and gross sales by franchise units from which Group royalty income is derived) for the nine-month period reached approximately $110 million by the end of Q3 (Q3 2020: $96 million), reflecting underlying organic growth of 15%.

Highlights

Financials for 9 months to 30 September 2021

- Revenue of $39.7 million up 43% (Q3 2020: $27.8 million; FY2020: $37.9 million)
- EBITDA of $8.5 million up 48% (Q3 2020: $5.8 million; FY2020: $6.7 million)
- Statutory profit before tax of $5.9 million up 46% (Q3 2020: $4.0 million; FY2020: $4.2 million)
- Profit Before Tax Adjusted for non-cash expenses of share-based payments, amortization and one-time costs up 42% to $6.5 million (Q3 2020: $4.6 million; FY2020: $5.1 million)

Key Performance Indicators

- US Corporate-Operated Locations: revenues grew by 79% to $22.8 million (Q3 2020: $12.8 million)

- International Corporate-Operated Locations: revenues grew by 47% to $4.4 million (Q3 2020: $3.0 million)

- Franchises: royalty income grew by 4% to $5.3 million (Q3 2020: $5.1 million)
    - Implying approximately $76 million in year-to-date gross sales by franchise units from which royalty income is derived
    - Royalty income continued to grow despite three franchise reacquisitions during the quarter

- Franchise-related sales (national accounts; equipment sales; franchise territory sales) grew by 4% to $7.2 million (Q3 2020: $6.9 million)

Q3 Corporate Development

Organic Growth

- Initiation of complementary B2B channel beyond insurance with Midwest Home Builder contract win
- National insurance company win to provide leak detection and repair solutions
- Nearing completion of Salesforce.com implementation to automate workflow - job intake, scheduling, dispatch, report production and enhanced data security for insurance channel

Acquisition-led Growth

- Franchise reacquisition of Northeast Florida locations (Jacksonville, Daytona, Gainsville)
- Franchise reacquisition of Las Vegas and Phoenix

Capital Formation

- Oversubscribed equity raise of $10.2 million to support corporate development transactions including three franchise reacquisitions during Q3

Commenting on the Group's performance, Executive Chairman, Dr. Patrick DeSouza remarked: "We are having a banner year and by the end of Q3, have already surpassed revenue, profit and EBITDA results for all of 2020. Encouraged by continued strong market demand for our solutions, even during Covid, and our team's execution, we plan to further accelerate our already strong growth plan. We have opportunities for strong organic growth as well as for supplementary acquisition-led growth via our strong corporate development pipeline.

As the effects of climate change stress the world's water and wastewater infrastructure, our Group's leadership role in shaping the Green Economy becomes more urgent."

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

Enquiries:

Water Intelligence plc
Patrick DeSouza, Executive Chairman Tel: +1 203 654 5426
Adrian Hargrave, VP Corporate Development +44 (0) 7775 701 838

RBC Capital Markets – Joint Broker Tel: +44 (0) 207 653 4000
Jill Li
Elizabeth Evans

WH Ireland Limited – NOMAD & Joint Broker Tel: +44 (0) 207 220 1666
Adrian Hadden

Dowgate Capital Ltd – Joint Broker Tel: +44 (0) 3903 7721
Stephen Norcross