



Water Intelligence plc

2021 Full Year Trading Results and Operational Highlights

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 trading update and operational highlights for full year 2021.

The Group performed strongly and exceeded expectations for 2021 across revenue, profit before tax, EBITDA and EPS indicators.

The strong performance was despite operational challenges presented by Covid-19. Market demand for the Group’s solutions continues to grow rapidly, fed by the increasing price of water and strong government infrastructure spending around the world (particularly bipartisan infrastructure legislation in the US). During 2021, the Group advanced the scale of its multinational distribution platform through nine acquisitions in the US and UK to enhance its capabilities for delivery of a growing range of products and services across more than 150 locations.

The Group has started 2022 strongly, with transactions accretive to shareholder equity as noted in *Subsequent Events* below.

Audited results for 2021 are expected during mid-May as traditionally released.

Highlights

Group Consolidated Financials

- Revenue grew strongly by 44% to reach \$54.5 million (2020: \$37.9 million)
 - 19% organic growth of corporate locations owned prior to 1 January 2020 (2021: \$21.3 million; 2020: \$17.9 million)
 - Increasing consumer demand from (i) the rising price of water; (ii) climate change-related drought and extreme weather conditions; and (iii) upsales of new offerings including pipe repair
 - Total gross sales to customers reached approximately \$150 million (implied gross sales from which franchise royalty is derived plus direct sales from corporate locations)
- Statutory profit before tax grew by 35% to \$5.7 million (2020: \$4.2 million)
- Profits before tax adjusted for non-core costs*, non-cash amortisation expense and share-based payments grew 36% to \$6.9 million (2020: \$5.1 million)
- EBITDA grew strongly by 44% to \$9.5 million (2020: \$6.6 million)

- EBITDA margin was constant despite significant increase in headcount not directly tied to current revenue reflecting investment in senior managers, Salesforce implementation and training for new technicians
- Basic adjusted EPS grew 29% to 30.2 cents (2020: 23.5 cents)
 - Fully diluted adjusted EPS grew 24% to 27.9 cents (2020: 22.6 cents)
- Balance Sheet strong at 31 December 2021
 - Cash: \$23.8 million
 - Statutory Net Cash: \$15.3 million
 - Debt and Deferred Consideration: \$22.2 million with amortization spread through 2025 (Bank Debt of \$8.5 million; Deferred Consideration from Acquisitions \$13.7 million)
 - Net Cash (after deducting all debt and deferred consideration through 2025): \$1.6 million

* Non-core costs include one-time items such as legal expenses on transactions

Operating Unit Financials: American Leak Detection (ALD); Water Intelligence Int'l (WII)

- ALD revenue grew by 44% to \$48.4 million (2020: \$33.6 million)
 - Strong franchise system-wide growth: Royalty income grew in absolute terms by 2% to \$6.8 million (2020: \$6.7 million), indicating system-wide growth despite significant number of franchise reacquisitions, reducing the pool of royalty income
 - Key insurance business-to-business channel grew 5% to \$8.9 million (2020: \$8.5 million)
 - Corporate-operated sales grew 83% year over year to \$31.9 million (2020: \$17.4 million)
- WII revenue grew 42% to \$6.1 million (2020: \$4.3 million)

Transactions

- 2021 Corporate Transactions
 - Bank Debt: Expansion of credit facilities by \$3.2 million in February
 - Equity: \$26.3 million raised during 2021 through two oversubscribed placings
 - July: \$9.5 million
 - October: \$16.8 million
- 2021 Acquisitions
 - Franchise Reacquisitions
 - Reno, Nevada (May)
 - Central Florida (May)
 - Las Vegas, Nevada (July)
 - Phoenix, Arizona (July)
 - Jacksonville / Daytona Florida (July)
 - Southern Oregon (December)
 - Bolt-on Acquisitions
 - IntelliDitch (February) (Open channel lining technology expanding offerings)
 - PlumbRight (May) (Expanded Midwest US solutions)

- Wat-er-Save Services Limited (November) (Expanded UK Operations)
- Technology Reinvestment to Scale Platform and Grow Offerings
 - Salesforce CRM to create automated service delivery platform; on-boarding 150+ locations through 2Q 2022
 - Launch of e-commerce and video display technology via exclusive license from SEEEN plc for water sector (see www.waterintelligence.co.uk)
 - Commercialization of proprietary sewer diagnostic product in UK during 2021; Introduction in US January 2022
 - Acquisition of IP for open-channel liner in 1H 2021 and commercialization at World Agriculture Expo in Tulare, California, February 2022

Subsequent Events

January 2022 Transactions

- Reacquisition of Fort Worth, Texas franchise with 2021 performance of \$3.6 million in sales and \$1.2 million in profits
- Sale of franchise territory in North Carolina to existing fast-growing Franchise for \$90,000

Executive Chairman, Dr. Patrick DeSouza provided the following Outlook for 2022:

“2021 was another extraordinary year for all of our stakeholders and we are just getting started on our ambitious journey to create a world-class company. We exceeded expectations of growth, both financially and operationally. We have accelerated our efforts to build a scaleable multinational distribution platform for minimally-invasive water infrastructure products and services.

For 2022, we are expanding our installed base of 150+ locations across the US and in the UK, Canada and Australia and are excited about the prospect of integrating operations through the rollout of our Salesforce Initiative. We will be able to automate operations from sales lead generation to scheduling and delivery to payments and also achieve the highest degree of data security. Coupled with an exciting video technology afforded by our SEEEN investment, we will be able to offer end-to-end solutions: video e-commerce for our insurance, retail and property management partners and efficient delivery of products and services (both ours and 3rd parties) for our residential, business and municipal customers.

Global market demand for our solutions is strong and we aim to provide private-sector leadership for the Green Economy with our brand. We appreciate the continued support from our institutional and individual investors during our financing rounds in 2021 and we are excited to have added new institutional partners for the journey ahead. Importantly we also appreciate the support of our banking relationship that has provided complementary financing, improving the returns for our shareholders. We look forward to executing and accelerating our growth plan.

January has started off strongly and 2022 looks to be even more exciting for our stakeholders.”

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

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