



## **Water Intelligence plc**

### **Q1 Trading Update: Strong Sales and Accelerating Growth Plan**

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 Q1 Trading Update.

#### **Corporate Overview**

Following its Q4 2021 fund raise, the Group has accelerated its strategic growth plan through new investments geared to capture additional market share and increase profitable growth in H2 2022 and beyond. The Group has accelerated its headcount investment during Q1 ahead of a much busier Q2 and Q3 summer season.

Q1 2022 has been marked by: (i) hiring and training of more than 60 headcount (managers and technicians) to meet increasing market demand; (ii) establishing a new training centre for technicians in Seattle; (iii) implementing the Group’s set of Salesforce and related applications to enable scalability and efficiency; (iv) opening “greenfield” locations in Texas and New York and (v) continuing to reacquire its American Leak Detection franchises including Fort Worth, Texas announced 19 January.

#### **Financial Highlights**

- Water Intelligence sales growth of 44% to \$16.5 million (Q1 2021: \$11.4 million)
  - 26% organic growth of corporate locations owned prior to Q1 2021 (Q1 2022: \$7.1 million vs. Q1 2021: (\$5.6 million)
- Adjusted EBITDA\* grew 26% to \$3.0 million (Q1 2021: \$2.4 million)
- EBITDA increased 9% to \$2.6 million (Q1 2021: \$2.4 million)
- Adjusted PBT\*\* grew 16% to \$2.1 million (Q1 2021: \$1.8 million) despite accelerated investment spending
- Statutory PBT declined 17% to \$1.4 million (Q1 2021: \$1.7 million) reflecting one-time costs footnoted below
- Balance Sheet is strong with net cash of \$10 million and further liquidity from undrawn debt facilities of \$8 million

\*Adjusted EBITDA adds back one-time costs of approximately \$400,000 from (i) Salesforce training and implementation and (ii) Australian extreme rain and flood conditions limiting service delivery (“One-Time Costs”)

\*\*Adjusted PBT adds back (1) One-time Costs as per Adjusted EBITDA and (2) non-cash costs of share-based payments and amortization

## **Corporate Development Highlights**

- \$17 million credit expansion with M&T bank at fixed rate of approximately 5.5% with repayment through 2027 to support franchise reacquisitions
- Strategic franchise reacquisition of Fort Worth, Texas
- Launch of “greenfield” corporate locations in Long Island, New York and Wichita Falls, Texas
- Training Centre launched in Seattle to train more leak detection specialists

## **Release of 2021 Audited Results**

The Group expects to announce its audited results for 2021 during late May as traditionally released.

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

“Our strategic plan for the last decade has been and continues to be focused on creating a world-class growth company that provides solutions to water loss from deteriorating infrastructure – residential, commercial, municipal. And we are delivering both organic growth and acquisition-led growth in line with our plan. With the support of our institutional investors, we are accelerating our investment in growth by adding more execution personnel and training centres to expand our current multinational operational footprint. Moreover, we are automating our business with the rollout of Salesforce and associated applications to increase efficiency and scalability as we add more execution personnel. Finally, we are continuing to complement organic growth with acquisition-led growth from our own franchise businesses and third-party solution providers.

We are confident in these investments given increasing global market demand for minimally-invasive solutions to aging infrastructure and water scarcity from changing climate conditions. Our confidence stems from our strong foundation: (i) an installed base of approximately \$150 million in gross sales by corporate operations and franchisees under our core American Leak Detection brand, (ii) more than 150 locations across the US and in the UK, Australia and Canada and (iii) a matrix of proprietary technology solutions for clean water and wastewater problems.”

*This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.*

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