



Water Intelligence plc

Q1 Trading Update: Strong Growth Across Operating and Financial Measures

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 for the quarter ended 31 March 2023.

Overview of Growth Strategy

- Market demand for precision water and wastewater infrastructure solutions continues to grow with the Group’s strategic plan centred on capturing a greater share of this increased market demand by driving sales through Corporate, Franchise and Business-to-Business Channels (Key Performance Indicators or “KPIs”)
- The Group continues its implementation of Salesforce.com for its scheduling, delivery and payments system in the U.S. to achieve operating scalability and efficiencies across corporate and franchise locations
- The Group continues to selectively reacquire franchises in strategic locations to unlock additional shareholder value from its core American Leak Detection brand (“ALD”), which represents over \$100 million in annual franchise gross sales

Operating Performance

- Water Intelligence achieved a strong revenue and profit performance during the quarter
 - The Group delivered growth for each KPI driver: Corporate (US and International), Franchise and Business-to-Business sales
- Network Sales (corporate direct sales and franchise gross sales from which royalty income is derived) for the quarter grew 10% to \$45.5 million (Q1 2022: \$41.4 million)
- The Group executed a strategic franchise reacquisition in Nashville, Tennessee adding operational scale in the Midwest of the United States
- The balance sheet position remains robust, positioning the Group strongly to continue to execute on its growth plans

Financial Highlights / KPIs

- Revenue increased by 18% to \$19.4 million (Q1 2022: \$16.5 million)
 - Franchise royalty grew by 5% to \$1.9 million (Q1 2022: \$1.8 million)
 - Franchise related activities (franchise sales, equipment sales, business-to-business channels) increased by 22% to \$3.2 million (Q1 2022: \$2.6 million)
 - Insurance business-to-business channel grew by 23% to \$3.1 million (Q1 2022: \$2.5 million)
 - US Corporate locations increased by 18% to \$12.3 million (Q1 2022: \$10.5 million)

- International Corporate locations rose by 26% to \$2 million (Q1 2022: \$1.6 million)
- Profit Before Tax (Statutory) grew by 28% to \$1.8 million (Q1 2022: \$1.4 million)
- Profit Before Tax Adjusted (before non-cash expenses of amortization and share-based payments; and non-core costs) increased by 12% to \$2.3 million (Q1 2022: \$2.1 million)
- EBITDA (Statutory) rose by 23% to \$3.2 million (Q1 2022: \$2.6 million)
- EBITDA Adjusted (before non-cash share-based payments; and non-core costs) rose by 11% to \$3.5 million (Q1 2022: \$3.1 million)
- Balance sheet strength at 31 March 2023
 - Cash at \$19.4 million
 - Bank Debt and Deferred Acquisition Payments at \$29.3 million with payments spread through 2027 at a fixed interest rate of approximately 5%

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

“We are pleased with how we have started in 2023. Our resilient business model and compelling customer value proposition enabled us to deliver a strong performance in Q1, against a difficult market backdrop of high inflation and rising interest rates. We have a high-quality management team and market demand remains strong for our minimally-invasive solutions for aging water and wastewater infrastructure. We remain confident in our long-term growth prospects and our ability to continue delivering value for our stakeholders.

For 2H 2023 and 2024, we are focused on delivering the benefits of investments made in prior years to reinforce our long-run growth trajectory by: commercialising new technology solutions for our customers; hiring and training more technicians to meet market demand; and completing implementation of the leading customer relationship management system to automate operations, support scalability and enhance data security.

In delivering on our growth plan, we appreciate the on-going support of our shareholders.”

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.

Enquiries:

Water Intelligence plc

Patrick DeSouza, Executive Chairman

Tel: +1 203 654 5426

RBC Capital Markets – Joint Broker

Rupert Walford
Elizabeth Evans
Daniel Saveski

Tel: +44 (0)20 7653 4000

**WH Ireland Limited - NOMAD & Joint
Broker**

Hugh Morgan
James Bavister

Tel: +44 (0)20 7220 1666

Dowgate Capital Ltd – Joint Broker

Stephen Norcross

Tel: +44 (0)20 3903 7715