



Q1 Trading Update: Sales and Profit Growth

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 2024.

The Group continued its solid growth trajectory in terms of both revenue and profits. Margins remained firm despite continued inflationary pressures on labor and materials. Subsequent to the quarter, the Group executed transactions that are expected to provide growth momentum for 1H.

Financial Highlights / KPIs

- Revenue increased by 6% to \$20.5 million (Q1 2023: \$19.4 million)
 - Franchise royalty remained flat at \$1.9 million (Q1 2023: \$1.9 million)
 - Franchise related sales (franchise sales, equipment sales, business-to-business channels) declined by 12% to \$2.8 million (Q1 2023: \$3.2 million)
 - US Corporate locations increased by 11% to \$13.6 million (Q1 2023: \$12.3 million)
 - International Corporate locations rose by 5% to \$2.1 million (Q1 2023: \$2 million)
- Profit Before Tax (Statutory) grew by 14% to \$2.0 million (Q1 2023: \$1.75 million)
- Profit Before Tax Adjusted (before non-cash expenses of amortization and share-based payments; and non-core costs) increased by 8% to \$2.5 million (Q1 2023: \$2.3 million)
- EBITDA rose by 9% to \$3.5 million (Q1 2023: \$3.2 million)
- EBITDA Adjusted (before non-cash share-based payments; and non-core costs) rose by 9% to \$3.8 million (Q1 2023: \$3.5 million)
- EBITDA margins at 17.0% (Q1 2023: 16.7%) remained firm, slightly increasing despite persistent inflation in the US
- EBITDA Adjusted margins at 18.5% (Q1 2023: 18.1%)
- Balance sheet strength at 31 March 2024
 - Cash at \$12.7 million
 - Bank Debt and Deferred Acquisition Payments at \$19.9 million with payments spread through 2027 at a fixed interest rate of approximately 5%

Corporate Development

- On February 1, the Group announced two new national insurance contracts: i) a multi-year extension of a current national insurance customer; and ii) a new national customer that is a leader in the high-end residential and property management market

- On February 15, the Group announced the reacquisition of its Pittsburgh, Pennsylvania franchise that is part of its ALD subsidiary

Subsequent Events

- On May 9, the Group announced the reacquisition of its Fresno, California franchise
- On May 9, the Group announced the sale of a new franchise in Albany and Saratoga, New York

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

“We continue to navigate stagflationary pressures in the US with success. We are expecting that all of our investments – from new offerings like *ALD Water Management Solutions* and *Pulse* to our Salesforce operating system and video commerce technology - will start to contribute to new sources of organic growth as we progress through the next two quarters. We also believe there to be attractive opportunities for accretive acquisitions and our balance sheet and credit facilities will enable us to execute our growth plan fully.”

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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