



## **Reacquisition of Fresno, California Franchise**

### **Sale of New Franchise in Albany and Saratoga, New York**

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 announce two transactions: the reacquisition of its franchise in Fresno, California and the sale of a new franchise for Albany and Saratoga, New York, both within the Group’s American Leak Detection (“ALD”) subsidiary.

#### **Key terms of the Reacquisition**

The purchase price of \$2.9 million in cash is spread over two years and includes all assets required to conduct operations, including trucks and equipment. An initial \$2.0 million is payable immediately and \$0.9 million is payable on the first anniversary of closing. The purchase price is based on 2023 pro forma of \$1.8 million in revenue, \$0.6 million in adjusted profit before tax and total assets of \$0.5 million. The transaction is accretive for the Group’s shareholders.

#### **Strategic rationale for the Reacquisition**

Fresno is a sizeable, fast growing city in central California in the heart of US agribusiness; an area in which market demand for water savings is strong and getting to be a critical issue given changing climate conditions. The operation is growing and expected to accelerate its trajectory with additional corporate resources including the deployment of proprietary technologies, such as ALD’s Ditch Liner offering that will be helpful for agribusiness and Pulse offering that provides for minimally-invasive diagnostics of municipal and residential sewer blockages. As Fresno is located between the Bay Area and Los Angeles in the Central Valley of California, the reacquisition reinforces the Group’s strategy of establishing regional corporate hubs in the US that fuel growth in adjacent franchise locations.

#### **Strategic rationale and terms for the Sale of the New Franchise**

ALD is committed to building its franchise System. Albany and Saratoga are key cities in upstate New York and comprise part of what is known as the Capital District of New York. Albany is the state capital whilst Saratoga is the center of a series of resort locations in upstate New York and known for horse racing and wine growing. Several of ALD’s national partners including insurance and property management companies have sought ALD’s national brand and the quality of its solutions for this region. The upfront consideration for launching this territory is \$0.1 million. ALD expects to receive royalty income from sales starting in July after the completion of training.

More broadly, in terms of ALD's growth strategy, located between this new franchise location in Albany and ALD's corporate location on the Canadian side of Niagara Falls, there are several large cities – Buffalo, Syracuse, and Rochester – in upstate New York around which ALD can deliver future growth, whether through corporate operations or selling more franchises.

Executive Chairman, Dr. Patrick DeSouza commented: “We are very pleased with the two transactions announced today because they reinforce our franchise value proposition and brand. Moreover, both are expected to contribute to sustainable organic growth for the Group. First, the franchise reacquisition is an accretive transaction with plenty of scope for additional growth given market demand for water savings in the center of US agribusiness. Second, our new franchisee will help our brand deliver solutions around the capital of New York state and will make a great launch point for further service delivery throughout upstate New York. We are committed to our growth plans and see additional opportunities ahead.”

**Enquiries:**

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