



## **Strategic Acquisition of Feakle Gas and Plumbing in Ireland**

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 the acquisition of Feakle Gas and Plumbing Limited, a company operating in Ireland (“FG&P” or the “Acquisition”), by the Group’s Water Intelligence International (“WII”) subsidiary.

The transaction is risk-adjusted, financially accretive to shareholders and a strong foundation from which to execute a full range of municipal, commercial and residential water and wastewater solutions in Ireland and to launch operations throughout the EU. The market opportunity is significant. The OECD previously estimated that the EU by 2030 will need investment spending of approximately €290 billion to meet water and sanitation needs under Directives covering Drinking Water and Urban Waste Water Treatment. Recent market research raises the forecast to a total of US\$476 billion in water & wastewater infrastructure CAPEX from 2024 to 2030. Today’s transaction is a strategic step in the Group’s growth plan to capture such demand.

### **Key financial terms of the Acquisition**

The transaction is structured as a purchase of 100% of the issued share capital of FG&P by Water Intelligence Leak Detection and Repair, WII’s Irish subsidiary. The purchase price of €2.32 million in cash is based on the FG&P’s 2023 Accounts of €3.7 million in sales and adjusted operating profits of €550,000. The purchase price is risk-adjusted by being structured as a four-year earnout with incentives for strong growth of both revenue and profits above the baseline 2023 Accounts.

The initial consideration for FG&P is €500,000 plus payments in each of the next four years of €435,000 based on a minimum operating profit in each of the next four years of €425,000. A further €75,000 payment will be made based on additional sales of €650,000 from delivering municipal, commercial and residential solutions offered by WII. Such additional sales are new business lines separate from the core FG&P business and geared to be synergistic with WII’s expansion, such as with respect to deploying *Pulse*, WII’s proprietary sewer diagnostic product. Given the focus in the EU on waste water, WII looks forward to working with the FG&P team.

The initial and future consideration for the Acquisition will be funded from the Group’s existing balance sheet.

### **Strategic rationale for the Acquisition**

The Group currently operates across the US, and in the UK, Australia and Canada. It also executes projects in various countries in the EU. With this transaction, the Group is expanding its multinational operating footprint. Market demand in Ireland for water and wastewater solutions is strong as various EU Directives

are being implemented as noted above. From a strong base in Ireland, the Group is now better positioned to expand its operations in the EU.

FG&P operates in central Ireland between Shannon and Dublin and serves residential and commercial markets with a mix of service and construction plumbing. It has a critical mass of skilled professionals around which to integrate minimally-invasive leak detection solutions provided by American Leak Detection (“ALD”) and commercial and municipal solutions provided by WII.

Executive Chairman, Dr. Patrick DeSouza commented: “We are excited by the growth opportunities available to the Group in Ireland and the EU. We believe that the FG&P team and its leadership will create significant value for our shareholders. Given the proximity of Ireland to our existing operations in the UK, our teams will be able to work together seamlessly as we expand our international operations.

In our recently published Annual Report, the Chairman’s Statement points to our capital allocation plan for the *Next 50* and our decision-making approach to managing investment risk by building on what we already execute well. Today’s transaction is the first delivery and in-line with this risk-adjusted approach: (i) FG&P operations are geographically close to our WII base in the UK thus enabling ready support; (ii) FG&P’s team has the capabilities to deploy WII technologies to a broad customer base in Ireland; and (iii) our earn-out structure helps with managing risk. As a result, we still have significant available resources to further execute our strategic growth plan.”

*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*

**Enquiries:**

**Water Intelligence plc**

Laura Bass, Director, Strategic Finance

Tel: +1 203 584-8240

**Grant Thornton UK LLP – Nominated Adviser**

Tel: +44 (0) 20 7383 5100

Philip Secrett

Harrison Clarke

Ciara Donnelly

**RBC Capital Markets – Joint Broker**

Tel: +44 (0)20 7653 4000

Jill Li

Elizabeth Evans

Daniel Saveski

**Dowgate Capital Ltd – Joint Broker**

Tel: +44 (0)20 3903 7715

Stephen Norcross