



Notice of AGM, Proposed Share Buyback, Rule 9 Waiver and Notice of Interim Results

Water Intelligence plc (AIM: WATR.L) (“Water Intelligence”, the “Company” or “Group”), a leading multinational provider of precision, minimally-invasive leak detection and remediation solutions for both potable and non-potable water, announces today that it has posted a Circular to Shareholders giving a Notice of Annual General Meeting, to be held at 10:30am on Monday 7 October 2024.

Further to the Chairman’s Statement in the Group’s 2023 Annual Report, published on 27 June 2024, this Circular includes resolutions to enable the Group to have the full flexibility to pursue its approach to capital allocation, including the ability to repurchase some of the Company’s ordinary shares to return capital to and provide liquidity for shareholders. Further details in relation to the Circular and some of the resolutions to be proposed at the Annual General Meeting can be found at the bottom of this announcement.

The Group also announces that it plans to release its Interim Results for the six months to 30 June 2024 during the week commencing 23 September 2024.

Proposed Share Buyback and Rule 9 Waivers

The Company has historically sought authority and received approval from its Shareholders to make market purchases of its own shares, with the most recent authority being granted at the Company’s AGM on 26 July 2023, permitting the Company to repurchase up to 873,384 Ordinary Shares. This authority is due to expire at the end of the AGM and it is proposed that the Company be authorised to continue to make market purchases up to an aggregate of 1,956,769 of its Ordinary Shares (the “Proposed Buyback Authority”). The Company has been previously restricted from using these authorities in a meaningful manner owing to the Concert Party being interested in more than 30 per cent. but less than 50 per cent. of the total voting rights of the Company. Any repurchases of Ordinary Shares under such buyback authority is liable to trigger an obligation for the Concert Party to make an offer, in cash, for the entire issued and to be issued share capital of the Company, pursuant to Rule 9 of the City Code. Therefore, the Company is seeking the approval of Independent Shareholders for a waiver from this obligation to provide the Company the flexibility to return capital to and provide liquidity for shareholders as set out in the Group’s 2023 Annual Report.

The Company is also seeking a waiver from the obligation that might otherwise arise under Rule 9 of the Takeover Code for the Concert Party to make a mandatory offer for the Ordinary Shares not already owned by it as a result of the issue of a maximum of 585,000 Ordinary Shares already held by certain members of the Concert Party under option (the “Concert Party Options”). In the absence of such approval, upon exercise of the Concert Party Options the relevant members of the Concert Party would have to immediately sell any resultant Ordinary Shares, as opposed to being able to hold the resultant Ordinary Shares as part of their shareholding.

The Concert Party

For the purposes of the City Code, Patrick DeSouza, Plain Sight, Ronald Coifman, Michael Reisman, Laura Hills, Bryan DeSouza, James Bass, Yael Coifman, Frances DeSouza and Daniel DeSouza are considered to be acting in concert (the “Concert Party”). The Concert Party currently holds, in aggregate, 5,902,780 Ordinary Shares and 2,080,000 Partly Paid Shares representing 40.98 per cent. of the Company’s current total voting rights of 19,478,688 as at 12 September 2024 (being the latest practicable date before publication of the Circular). In addition, the Concert Party also holds 585,000 Concert Party Options.

Assuming the full utilisation of the Proposed Buyback Authority (assuming no member of the Concert Party participates in the proposed buyback and no further Ordinary Shares or Partly Paid Shares are issued by the Company), the full exercise of the Concert Party Options and no exercise of any other Options, is 6,487,780 Ordinary Shares and 2,080,000 Partly Paid Shares representing 47.32 per cent. of the then voting rights of the Company of 18,106,919.

The full Circular to Shareholders will be made available on the Company’s website at <https://waterintelligence.co.uk/rule-26-investor-relations/documentation/public-documents/>. Defined terms used in this announcement are the same as those defined in the Circular unless the context requires otherwise.

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Disclaimer

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The below text has been extracted from the circular

Takeover Code

The Takeover Code is issued and administered by the Panel. The Takeover Code applies, inter alia, to all public companies which have their registered office in the United Kingdom and are considered by the Takeover Panel to have their place of central management and control in the United Kingdom, Channel Islands or the Isle of Man. The Company is such a company and Shareholders are therefore entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires an interest in shares which, taken together with shares in which that person or any person acting in concert with that person is interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Code is normally required to make an offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of the voting rights of the company, an offer will normally be required if such person or any person acting in concert with that person acquires a further interest in shares which increases the percentage of shares carrying voting rights in which that person is interested.

An offer under Rule 9 must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with such person, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, the resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code (although a shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9 in these circumstances).

The Concert Party

For the purposes of the Takeover Code, a concert party arises where persons acting in concert pursuant to an agreement or understanding (whether formal or informal) co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Control means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of the company, irrespective of whether such interest or interests give de facto control.

The Company has agreed with the Panel that the following persons and entities are considered to be acting in concert in relation to the Company, Patrick DeSouza, Plain Sight Systems, Inc. ("Plain Sight"), Ronald Coifman, Michael Reisman, Laura Hills, Bryan DeSouza, James Bass, Yael Coifman, Frances DeSouza and Daniel DeSouza (the "Concert Party").

The Company has agreed with the Panel that the following individuals and entities, which were part of the Concert Party as disclosed in the Company's admission document dated 7 July 2010, are no longer considered to be part of the Concert Party: Stanford Berenbaum, Frederick Warner, Andreas Coppi, James Carter, Komodo Trust for Health and Education, Stephen Leeb, Pam Vigue, Todd Carter, Jeffrey Greenberg, Eric Remole, Nicholas Black, David Sandell, Lana Gayevsky and Steven Fishman.

Plain Sight was founded by a group of scientists affiliated with Yale University and is a technology holding company. It was incorporated in 2000 and is based in New Haven, Connecticut where it has close links to Yale University, a Plain Sight shareholder. Plain Sight's registered office is 199 Whitney Avenue, New Haven, Connecticut 06511. Its directors are Patrick DeSouza and Ronald Coifman. The major shareholders are Patrick DeSouza and Ronald Coifman who hold approximately 24 per cent. and 16 per cent. the voting issued share capital, respectively. Plain Sight does not produce accounts.

Laura Hills is a current Director of the Company and a longstanding business associate of Patrick

DeSouza. Frances DeSouza, Bryan DeSouza and Daniel DeSouza are the respective spouse, brother and son of Patrick DeSouza. Yael Coifman is the daughter of Ronald Coifman and co-founder of Leisure Development Partners LLP, a strategic advisory firm. James Bass is a former business associate of Patrick DeSouza.

The Concert Party currently holds, in aggregate, 5,902,780 Ordinary Shares and 2,080,000 Partly Paid Shares representing an aggregate interest of 40.98 per cent. of the Company's 19,478,688 Total Voting Rights as at the Last Practicable Date. The Concert Party also holds 585,000 Concert Party Options.

The following table shows the number of Ordinary Shares, Partly Paid Shares and Concert Party Options in which each member of the Concert Party is interested at the Last Practicable Date.

Concert Member	Party	Number of Ordinary Shares held	Number of Partly Paid Shares held	Percentage of Total Voting Rights (%)	Number of Options held
Patrick DeSouza*		2,794,760	2,080,000	25.03	170,000
Plain Sight		2,430,410	0	12.48	0
Ronald Coifman*		190,595	0	0.98	0
Michael Reisman*		184,126	0	0.95	155,000
Laura Hills		130,373	0	0.67	145,000
Bryan DeSouza		104,600	0	0.54	20,000
James Bass		52,916	0	0.27	0
Yael Coifman		15,000	0	0.08	0
Frances DeSouza		0	0	0.00	90,000
Daniel DeSouza		0	0	0.00	5,000
TOTAL		5,902,780	2,080,000	40.98	585,000

**Shareholders in Plain Sight.*

The maximum percentage of the Company's voting rights which could be held by the Concert Party following the approval of Resolution 7, 8 and 9, assuming the full utilisation of the Proposed Buyback Authority (assuming no member of the Concert Party participates in the proposed buyback and no further Ordinary Shares or Partly Paid Shares are issued by the Company), the full exercise of the Concert Party Options and no exercise of any other Options, is 6,487,780 Ordinary Shares and 2,080,000 Partly Paid Shares representing 47.32 per cent. of the then voting rights of the Company of 18,106,919 as further set out below. For so long as they continue to be acting in concert, any increase in aggregate interest in Voting Rights of the Concert Party will be subject to the provisions of Rule 9 of the Takeover Code. Furthermore, individual members of the Concert Party will not be able to increase their percentage interests in Voting Rights through or between a Rule 9 threshold without Panel consent.

All members of the Concert Party have confirmed that none of them will, nor do they have any current intention to, sell any of the Ordinary Shares which they beneficially own to the Company should the Company utilise the Proposed Buyback Authority.

Concert Member	Party	Number of Ordinary Shares held	Number of Partly Paid Shares held	Number of Options exercised and issued as Ordinary Shares	Percentage of Total Voting Rights (assuming the Proposed Buyback Authority is fully utilised, Partly Paid Shares are issued in full and only Options held by Concert Party Members are exercised)
Patrick DeSouza		2,794,760	2,080,000	170,000	27.86
Plain Sight		2,430,410	0	0	13.42
Ronald Coifman		190,595	0	0	1.05
Michael Reisman		184,126	0	155,000	1.87
Laura Hills		130,373	0	145,000	1.52
Bryan DeSouza		104,600	0	20,000	0.69
James Bass		52,916	0	0	0.29
Yael Coifman		15,000	0	0	0.08
Frances DeSouza		0	0	90,000	0.50
Daniel DeSouza		0	0	5,000	0.03
Total		5,902,780	2,080,000	585,000	47.32

Proposed Share Buyback

The Proposed Buyback Authority authorises the Company to purchase up to 1,956,769 Ordinary Shares, representing 10 per cent. of the Company's issued share capital as at the date of this document.

The Board believes that making market purchases of Ordinary Shares will allow the Company to efficiently utilise the Company's excess cash whilst at the same time enhancing earnings per share to deliver value to Shareholders. The Board will only exercise the Proposed Buyback Authority after taking account of the overall financial position of the Company and in circumstances where they believe that to do so would result in either an increase or protection of value for the remaining Shareholders and be in the best interests of Shareholders as a whole.

Any share purchase by the Company under the Proposed Buyback Authority will take place in open market transactions and may be made from time to time depending on market conditions, share price, trading volume and other terms. The maximum price paid per Ordinary Share will be no more than 105 per cent. of the average closing middle market quotations of an Ordinary Share for the five business days immediately preceding the day on which such Ordinary Shares are purchased.

There is no guarantee that the Proposed Buyback Authority will be utilised in full or that any purchases will be made. Any Ordinary Shares purchased under the Proposed Buyback Authority will be held in treasury and the number of voting rights reduced accordingly. Ordinary Shares held in treasury may be used to satisfy future share issuances to employees or third parties or to satisfy the exercise of Options to minimise dilution to existing Shareholders. Ordinary Shares held in treasury have no ultimate beneficial owner.

The Waiver Resolutions

The Independent Directors have consulted with the Panel, which has agreed that, subject to approval of the Waiver Resolutions by the Independent Shareholders on a poll at the AGM, it will grant the Waiver. The effect of the Waiver, if approved by the Independent Shareholders, would be that the Concert Party would not be required to make a Rule 9 Offer that would otherwise arise due to the increase in the aggregate holding of the Concert Party resulting from the purchase by the Company of its own Ordinary Shares pursuant to the Proposed Buyback Authority and the issue of Ordinary Shares held under the Concert Party Options.

The Waiver Resolutions are subject to the approval of Independent Shareholders on a poll, where each Independent Shareholder will be entitled to one vote for each Ordinary Share they hold. Members of the Concert Party are not entitled to vote on this poll as they are not considered to be independent.

Shareholders should note that any further increase in the interests of the Concert Party in the Ordinary Shares, which increases the percentage of the voting rights in which they are interested, whether collectively or individually, other than as a result of the purchase of Ordinary Shares pursuant to the Proposed Buyback Authority or the issue of Ordinary Shares in relation to the Options Waiver Resolution will be subject to the provisions of Rule 9. Whether or not the Waiver Resolutions are passed by the Independent Shareholders, members of the Concert Party will not be restricted from making an offer for the Company.

Further information

Your attention is drawn to the remainder of this document which contains further information relating to the Company and the members of the Concert Party.

Financial information on the Company is set out in the Company's Annual Report and Accounts for the year ended 31 December 2023. The Annual Report and Accounts can be downloaded from the Company's website: <https://waterintelligence.co.uk/rule-26-investor-relations/documentation/annual-reports-and-accounts/>.

Recommendation

The Independent Directors, who have been so advised by Grant Thornton, consider that the Proposals are fair and reasonable and are in the best interests of the Company and Independent Shareholders as a whole. In providing its advice to the Independent Directors, Grant Thornton has taken into account the Independent Director's commercial assessments. The Independent Directors therefore unanimously recommend that the Independent Shareholders vote in favour of Resolutions 9 and 10 as they intend to do in respect of their own beneficial holdings of Ordinary Shares which, as at 12 September 2024, being the last practicable date prior to the publication of this document, in aggregate amount to 70,370 Ordinary Shares. The Directors who are members of the Concert Party are not able to vote on Resolution 9 and 10.

The Directors consider that Resolutions 1 to 8, as set out in the Notice, are in the best interests of the Company and its Shareholders as a whole and are most likely to promote the success of the Company. The Directors, therefore, unanimously recommend that you vote in favour of Resolutions 1 to 8, as they intend to do in respect of their own beneficial holdings.