



### **Strategic Reacquisition of Dallas, Texas Franchise**

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 strategic reacquisition of its franchise in Dallas, Texas within the Group’s core American Leak Detection (“ALD”) subsidiary.

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

The transaction involves consideration of both cash and stock options. \$12 million in cash is spread through 2027 and based on performance of \$2.3 million in adjusted profits for 2027. \$5 million was paid at Closing based on a trailing twelve months pro forma of \$6 million in sales and \$1.0 million in adjusted profits. \$2.5 million is scheduled to be paid in 2025 based on a pro forma with increasing profit before tax. Options for 200,000 ordinary shares are issued in amounts and at exercise prices as follows: 100,000 at \$6.25 per share; 35,000 at \$7.50 per share; 35,000 at \$8.75 per share; and 30,000 at \$10.00 per share respectively and vest over 4 years. The purchase price includes all assets required to conduct operations, including trucks and equipment. The transaction is accretive for the Group’s shareholders.

#### **Strategic rationale for the Acquisition Including Appointment of CEO for ALD**

Today’s transaction is strategic for the Group. First, and most importantly, Will Knell, owner of the Dallas franchise is appointed CEO of ALD, the Group’s core subsidiary representing approximately 85% of the Group’s revenues. Mr. Knell has significant experience in operations and is well respected among the franchise System having previously been awarded Franchisee of the Year. The Dallas franchise represents the single largest location in terms of sales in the entire franchise System and is fast growing. Second, strategically there are significant operating synergies between the Dallas location and ALD’s neighboring corporate-operated location in Fort Worth, Texas. Integration of both operations will create cost savings. Moreover, in terms of future revenue growth and scale, the Dallas-Fort Worth metroplex is expected to rival New York and Los Angeles in size and concentration of disposable income by 2030. Third, the Group plans to move the headquarters of ALD to Dallas during 2025 and to build a training center similar to the one the Group opened in Bridgeport, Connecticut during Q3. The centrality of the Dallas / Fort Worth location in the United States will enable the Group to accelerate its strategic growth plan organically and with its national partners especially insurance companies and technology product companies.

#### **2025 and Capital Allocation Plan**

The Group has sufficient resources on hand to execute its growth plan; moreover, the Group remains under-levered enabling it to apply more capital to accretive opportunities that may emerge. With today's acquisition, the Group has strengthened its management team and execution capabilities to advance more rapidly both organic growth and additional acquisitions for 2025 pursuant to its previously announced capital allocation plan.

**Executive Chairman, Dr. Patrick DeSouza** commented: "When we provided our Interim Update in September, we indicated that we were confident about the future and that our *Next 50 Initiative* would put an accelerated growth plan in place. Today's announcement reinforces that message because beyond the strategic nature of the Dallas reacquisition, we are advancing the execution leadership of the Group in a significant way.

Congratulations to Will Knell who is an outstanding leader and a perfect fit for the future of the Group. Our entire franchise System, representing over \$100 million in gross sales to customers is excited by the appointment of Will and an updated growth plan that we will be unveiling prior to year-end. Will's appointment and the move of ALD's headquarters to Dallas is a great way to kick-off our *Next 50 Initiative* named after our fiftieth anniversary celebration of the establishment of ALD two weeks ago at the Group's annual convention."

**Will Knell, CEO of American Leak Detection** added: "I truly appreciate the confidence that the Board, management and our franchise System have in me. On previous occasions, including most recently at our fiftieth anniversary celebration of American Leak Detection, I have met with some of our institutional and individual investors and welcome their support and the opportunity that our team has to deliver for our shareholders.

Our Dallas franchise operation and the neighboring corporate-operated location in Fort Worth have served as a model testing site for the various technology investments that the Group has made ranging from Salesforce to *LeakVue*. Leveraging our strong results and our operating experience as "super-users", we expect to help the Group scale with these investments and realize gains in organic growth in 2025 and beyond.

It is very exciting to help the Group transform water infrastructure services as a platform or "one stop shop" across the United States and, along with my colleagues in the UK, Ireland, Canada and Australia."

*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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