Nine Months Trading Update; Capital Allocation Update

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 Q3 Trading Update for the nine month period ended 30 September which is in-line with market expectations. The Group is also pleased to provide an execution update on its capital allocation plan and contribution to growth in 2025 and beyond.

Financial Highlights

- Revenue increased by 10% to \$63.5 million (Q3 2023: \$57.8 million)
    - Franchise royalty decreased by 3% to \$5.2 million (Q3 2023: \$5.3 million) reflecting franchise acquisitions removing available income from franchise royalty streams
    - Franchise-related activities (franchise sales, equipment sales, business-to-business channels) decreased by 5% to \$8.3 million (Q3 2023: \$8.8 million)
        - Insurance business-to-business channel decreased by 6% to \$7.8 million (Q3 2023: \$8.2 million)
    - US Corporate sales increased by 13% to \$42.7 million (Q3 2023: \$37.9 million)
    - International Corporate sales rose by 26% to \$7.3 million (Q3 2023: \$5.8 million)
- Statutory PBT grew by 7% to \$6.1 million (Q3 2023: \$5.7 million)
- Adjusted PBT (before non-cash expenses of amortization and share-based payments; and non-core costs) increased by 6% to \$7.7 million (Q3 2023: \$7.3 million)
- Statutory EBITDA rose by 12% to \$10.9 million (Q3 2023: \$9.8 million)
- Adjusted EBITDA (before non-cash share-based payments; and non-core costs) rose by 11% to \$11.9 million (Q3 2023: \$10.7 million)
- Adjusted PBT and Adjusted EBITDA Margins were steady
    - Adjusted PBT margins remained at 12%
    - Adjusted EBITDA margins remained at 19%
- Balance sheet strong as at 30 September 2024
    - Cash and equivalents at \$12.7 million
    - Total Debt of \$23.6 million at fixed annual rate of 6.35%
    - Net Debt to Statutory EBITDA TTM ratio: 0.84

Capital Allocation through November

In the 2023 Annual Report released in June, the Group communicated a Growth Strategy and Capital Allocation Plan that had four prongs: (i) Organic growth of current minimally invasive leak detection and repair solutions to capture more market share; (ii) Organic growth of new proprietary technology offerings in which it previously invested; (iii) Acquisition-led growth prioritizing its highly profitable American Leak Detection (ALD) franchise locations and fast growing third-party companies complementary to the Group; and (iv) share repurchases to provide liquidity for shareholders.

During Q3 and through November 2024, the Group executed on each prong of its Capital Allocation plan and expects to achieve strong 2025 growth trajectory as a result.

(i) Increase in Free Cash Flow. In August, the Group refinanced its Credit Facilities with M&T Bank increasing free cash flow to invest in growth; the Group remains under-levered as with a Net Debt to EBITDA TTM Ratio of 0.84, enabling room for further non-dilutive financing.

(ii) Organic Growth for 2025. In July the Group launched its state-of-the-art training center in Bridgeport, Connecticut in order to pursue organic growth. The Group is currently hiring and training technicians in the Bridgeport facility to execute increasing backlog during 2025; in particular, the Group is also planning the US rollout of *Pulse* – the Group's patented sewer diagnostic device which has already contributed to the growth of Water Intelligence International's UK municipal business.

(iii) Acquisitions. In August the Group acquired a fast-growing Irish plumbing company and is currently adding for 2025 American Leak Detection service offerings for the Irish market; in November, the Group reacquired its ALD Dallas franchise and currently is linking Dallas operations with its corporate location in Fort Worth for scale contributing in 2025 both added revenue and efficiencies. The Group plans to move the future national headquarters of ALD to its Dallas-Fort Worth hub.

(iv) Share Repurchases. Pursuant to authorization by shareholders in September 2024 to repurchase shares, the Group has now initiated repurchases during October and November.

(v) Next 50 Growth Plan; Leadership Change. Launched five-year growth plan at October's Franchise Convention marking the 50th Anniversary of the founding of ALD. Announced Will Knell, former Dallas franchise owner and leading franchise operator as CEO of the Group's ALD core subsidiary to execute its 2025 and beyond growth plan.

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

"We have a had a busy Q3 and start to Q4. We continue to grow and our team is executing along all facets of a capital allocation plan that is expected to produce accelerated growth in 2025. Our balance sheet remains strong, enabling us to continue to drive growth from our capital allocation plan. We appreciate the continued support of our shareholders and will be calibrating the delivery of our growth plan with better communication on the value of our shares given the headwinds facing the AIM market."

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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