



2024 Full Year Trading Update Acquisitions Update to Strategic Plan

Water Intelligence plc (AIM: WATR.L) (“Water Intelligence” or the “Group”), a leading multinational provider of precision, minimally-invasive leak detection and remediation solutions for both potable and non-potable water, is pleased to provide (i) a trading update for the year ended 31 December 2024, (ii) announcement of two acquisitions to kick-off 2025, and (iii) update to the Group’s Strategic Plan especially highlighting a partnership with StreamLabs Inc. (www.streamlabswater.com) that will add to organic growth and drive brand differentiation across the US. The partnership is detailed in a separate announcement released coincident to this one.

Given the StreamLabs opportunity for strong organic growth and market leadership in Preventive Maintenance for US residential and commercial water infrastructure, the Group will also explore, as part of its Strategic Plan, opening its listing in the US to increase access for US investors not able to readily invest on AIM.

Trading Update Overview

First, in terms of the Trading Update, the Group is in-line with market expectations with revenue growth of 10% to \$83.3 million and EBITDA adjusted growth of 12% to \$15.0 million. In addition to generating cash, the Group’s balance sheet remains strong with \$12.1 million of cash at year-end. Moreover, the Group has additional credit capacity to further its capital allocation objectives given a Net Total Debt to EBITDA adjusted ratio of 1.48. Additional financial statement details for the Trading Update are set forth herein.

Acquisitions

The Group has executed two acquisitions to kick-off 2025: (i) Effective Plumbing (“EP”), a fast growing plumbing company in Connecticut; and (ii) a highly profitable American Leak Detection (ALD) franchise covering parts of Georgia and South Carolina that has significant room to grow with some additional working capital. Both acquisitions are accretive to shareholder value and should drive accelerated revenue and profits for 2025.

Headquartered in Southern Connecticut, EP will contribute to growing ALD’s customer base in the greater New York area. The purchase price was \$1.2 million and is based on 2024 pro forma financials of \$1.2 million in sales and \$0.3 million in profits. EP builds on ALD’s 2022 acquisition of Shanahan Plumbing. Both plumbing companies service high-end residential homes and are a perfect fit for StreamLabs products and ALD’s insurance channel in the northeast US. Meanwhile, ALD’s franchise in Georgia and South Carolina generated approximately \$1.55 million of sales and \$0.55 million of profits for 2024 and was purchased for \$3 million. Its operating area includes a significant number of resorts and high-end second homes in South Carolina and thus is also synergistic with the StreamLabs partnership noted below.

Partnership with StreamLabs Water

As detailed in a separate press release coincident with this Trading Update, we are most pleased to announce a strategic partnership with StreamLabs Water (www.streamlabswater.com), a US company with various high quality water monitoring products and a strong insurance channel pedigree. With this

partnership, ALD will launch a complementary preventive maintenance line of business that will synergistically drive organic growth in 2025 and beyond given our existing insurance channels. Much like how insurance companies have transformed health care, insurance companies are working with home owners to promote preventive maintenance solutions for water infrastructure ranging from water monitoring to alerts to minimally invasive leak detection and repair. ALD will be a leader in the US in providing end-to-end solutions for its more than 200,000 residential customers annually across 46 states. Moreover, in a fragmented services industry only ALD can offer insurance companies both national coverage for leak detection and the highest level of data security through its Salesforce application.

It should be noted that ALD has signed additional national insurance contracts during 2024 and now works through national contracts with 20 of the largest insurance companies in the US.

After significant research, the Group believes that StreamLabs products are the best in class in the marketplace in terms of quality and reliable performance. With this partnership, the Group will be adding to its organic growth through (a) resale of StreamLabs products at favorable wholesale prices for ALD, (b) service installations of devices by ALD from StreamLabs and ALD channels, and (c) ALD “aftercare” programs for water management sought by residential and commercial customers. This partnership will contribute to organic revenue and profit growth in 2025 and beyond. Moreover, the product roadmap for both companies envisions also leveraging ALD’s proprietary products such as *LeakVue*.

Competitive Strategy and Brand Differentiation. The Group’s strong financial and operating foundation (including investments previously made in our insurance channels, Salesforce applications and SEEN video commerce technology) when combined with expected increased customer acquisition from *StreamLabs* monitoring products, enables the Group to complete its vision of being platform company or “One Stop Shop.” As a competitive strategy matter, we now have the asset base to be a leader in the Preventive Maintenance market for insurance companies and property management across the US and abroad.

2025 Capital Allocation and Shareholder Value. In the Chairman Statement as part of the 2023 Accounts released last June, we discussed four levels of capital allocation; our *Layer Cake* model: (1) organic growth of existing business lines; (2) organic growth of new business lines driven by our technology investments in proprietary products such as *LeakVue* and *Pulse*; (3) accretive acquisitions of ALD franchises and third parties; (4) enhancements to shareholder value such share repurchases.

Given our current level of cash on the balance sheet, our ability to generate annual cash and our capacity for additional credit financing, we can put resources to work for our Updated Strategic Plan. We have two areas of note for capital allocation. First, working capital requirements to grow our StreamLabs partnership will provide immediate return on investment through both organic growth and additional product partnerships seeking to take advantage of our distribution across the US. We have untapped working capital lines of credit for an expansion of the StreamLabs partnership.

Second, we have listened to our shareholders who see our shares as undervalued and note investor demand in the US for a platform company such as ours. Given that most of the operations of the business exist in the US, the Group has retained a leading UK / US law firm to explore a listing in the United States. We believe that our StreamLabs partnership and Preventive Maintenance brand differentiation across the US will be a catalyst to attract a range of investors in the US that may not have access to the AIM market.

Compensation in Shares; Option Grants

Consistent with prior years, members of the Board have indicated that they would prefer to receive their compensation in equity, in lieu of cash compensation for the year ended 31 December 2024, in order to

benefit from capital gains as the Company executes on its growth strategy. The Company intends to issue these directors ordinary shares of 1 penny each in the Company (“Shares”). All of the Shares to be issued will be drawn from treasury and will not change the fully diluted number of Shares outstanding. At the same time, given that the last employee option grants were in 2023, the Board expects to reserve 500,000 options for employees. Such grants will be tied to revenue and profit performance metrics. A further announcement will be made in due course in relation to these issuances.

2024 Highlights

Financial Performance

- ❖ Group Revenue increased by 10% to \$83.3 million (2023: \$76 million); an improvement over the 7% increase 2023 vs. 2022.

American Leak Detection subsidiary

- Franchise royalty declined by 3% to \$6.5 million (2023: \$6.7 million) reflecting franchise reacquisitions
 - Excluding acquisitions franchise royalty would have been flat year over year
- Franchise Related Activities (Insurance Channel; Equipment Sales) declined 6% to \$10.7 million (2023: \$11.3 million)
- US Corporate locations grew 11% to \$55.9 million (2023: \$50.4 million)
 - Same store sales grew 4% to \$49.8 million (2023: \$47.9 million)

Water Intelligence International subsidiary

- International corporate locations grew 35% to \$10.3 million (2023: \$7.6 million)

- ❖ Adjusted EBITDA* grew 12% to \$15.0 million (2023: \$13.4 million)
- ❖ Adjusted EBITDA* margins remained at 18% in 2024 versus 2023
 - Statutory EBITDA grew 10% to \$13.0 million (2023: \$11.8 million)
 - Statutory EBITDA margins grew to 16% versus 15% in 2023
- ❖ Adjusted PBT* grew 4% to \$9.1 million (2023: \$8.7 million)
 - Statutory PBT grew 1% to \$6.3 million (2022: \$6.2 million)
- ❖ Balance Sheet at 31 December 2024
 - Cash at \$12.1 million
 - Cash Net of Bank Debt at \$(11.1) million
 - Net Total Debt** to EBITDA Adjusted of 1.48

* Adjusted EBITDA and Adjusted PBT both adjusted for non-core costs and non-cash expense of share-based payments; Adjusted PBT also adjusted for non-cash expense of amortization.

** Total Debt defined as bank debt plus all deferred franchise acquisition payments

2024 Corporate Development

- ❖ Appointment of Will Knell as Chief Executive Officer of American Leak Detection, the Group’s core business. Mr Knell was the former owner of the Dallas ALD franchise, its single largest franchise territory

- ❖ Refinancing of \$21 million in M&T Bank Debt; amortization – largely interest only – spread evenly through 2029 at 6.35% fixed rate
- ❖ Franchise Acquisitions: Lafayette, Louisiana, Fresno, California, Dallas, Texas
- ❖ Third Party Acquisitions: Feakle Gas and Plumbing in Ireland
- ❖ Subsequent Event Acquisitions: South Carolina franchise; Effective Plumbing in Connecticut
- ❖ Subsequent Event Strategic Partnership: StreamLabs, Inc.
- ❖ Additional National Contracts with Insurance companies
- ❖ Salesforce and related web applications continue to be developed and implemented across all US locations (automating all aspects of workflow: scheduling and delivery; marketing follow-up; e-commerce; highest level of data security in Salesforce Cloud)
- ❖ New Service Offerings developed and commercialized: Municipal and Residential Pulse (sewer diagnostic tools); Municipal LS1 (snapshot survey tool) and Ditch Lining Water Management product
- ❖ New state of the art training facility in Bridgeport, Connecticut to train more technicians and host more R&D, especially for insurance-related products; build-out of new ALD headquarters in Dallas, Texas

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

“We had a strong 2024 and during Q4 seriously developed our plan for market leadership in Preventive Maintenance for water loss because of aging residential and commercial infrastructure. We executed two more national insurance accounts preparing the way for our StreamLabs partnership signed recently. We are ready financially and operationally for our next phase of accelerated growth and we look forward to the rest of 2025.

Over the last decade, we communicated a vision for a “One Stop Shop” or platform company. We now have that scalable business model filled-out with our StreamLabs partnership. We have end-to-end product and services solutions across the US and in several countries to monitor water loss, send alerts, pinpoint and repair leaks. Our solutions cover any size pipe – residential, commercial, residential, clean water, wastewater. With our Salesforce backbone we can provide data security for insurance companies and efficient dispatch for aftercare. With our SEEEN video commerce technology we can now sell and schedule installation with “one click”.

We appreciate our shareholders’ support along this journey to create a world-class platform and we look forward to attracting an even broader shareholder base given the size of the market opportunity ahead.”

The financial information in this trading update is unaudited. The Company expects to announce its audited full year results for the year ended 31 December 2024 by mid June 2025 as usual.

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Forward Looking Statements

Certain statements in this announcement are forward-looking. By their nature, forward looking statements involve risks, uncertainties, assumptions and other factors that are outside the control of the Company and could cause actual results or events to differ materially from those expressed or implied by the forward-looking statement.

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