Water Intelligence plc (AIM: WATR.L)
Interim Results: Stronger Growth; Competitive Differentiation

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 unaudited Interim Results for the period ended 30 June 2025.

Results are in-line with market expectations with continued revenue and EBITDA growth with momentum for 2H from a strong 2Q. The Group's focus is two-fold. First, further competitive differentiation and margin improvement driven by its technology-enabled services platform and second, going to market with its strategic StreamLabs partnership to deliver accelerated organic revenue growth.

Financial Highlights

- Revenue increased by 8% to $45 million (1H 2024: $41.5 million)
    - Franchise Royalty income decreased by 10% to $3.21 million (1H 2024: $3.55 million) as a result of franchise reacquisitions reducing the pool of royalty income
    - Franchise Related sales decreased 15% to $4.7 million (1H 2024: $5.5 million) as a result of fewer franchisees
    - Group Corporate Store sales increased 13% to $37.1 million (1H 2024: $32.4 million)
        - US Corporate sales grew 7% to $30.3 million (1H 2024: $28.3 million)
        - International Corporate sales grew 64% to $6.8 million (1H 2024: $4.1 million)

- PBT Adjusted* increased by 8% to $5.7 million (1H 2024 $5.26 million)
- EBITDA Adjusted** increased by 16% to $9.2 million (1H 2024: $8.0 million)
- Statutory Profit Before Tax decreased by 11% to $4.2 million (1H 2024: $4.7 million) negatively affected by IFRS 3 treatment of profits from Irish acquisition as remuneration expense due to earn-out structure and no inclusion of gain from Las Vegas acquisition***
- Statutory EBITDA increased by 4% to $8.2 million (1H 2024: $7.8 million) also negatively affected by IFRS 3 treatment of profits from Irish acquisition as remuneration expense due to earn-out structure and no inclusion of gain from Las Vegas acquisition***
- PBT Margin Adjusted* remained the same at 13% (1H 2024: 13%)
- EBITDA Margin Adjusted** increased to 20% (1H 2024: 19%)
- EPS Basic Adjusted* increased by 8% to 22.9 cents (1H 2024: 21.2 cents)
- EPS Fully Diluted Adjusted* increased by 8% to 22.4 cents (1H 2024: 20.7 cents)

- Cash and equivalents at 30 June of $8.42 million
    - Net Cash of ($14.1) million (cash minus bank borrowings)
    - Net Debt (including both Bank Debt and Deferred Acquisition Payments) to EBITDA Adjusted** ratio: 1.24

*PBT Adjusted (adjusted for amortisation, share based payments and non-core costs/gains including IFRS treatment of earn-out gains)
**EBITDA Adjusted (adjusted for share-based payments and non-core costs/gains including IFRS treatment of earn-out gains)
*** See 2024 Accounts, Strategic Report, Table (vii) for further explanation; Irish acquisition occurred in 2H 2024 so 1H 2024 Interims did not have conforming treatment of Las Vegas gain. Today's report makes all adjustments for comparisons.

Corporate Development / Capital Allocation

- Strategic partnership with StreamLabs. Inc., a Chubb company for “white label” resale of high quality water monitoring products by the Group’s core American Leak Detection subsidiary (“ALD”). ALD is now able to provide its customers a full suite of products and services and a subscription model.
- Repurchase of Group shares: 60,000

  <u>Subsequent to Period</u>

- Repurchase of Group shares: 88,000 for Total Year to Date of 148,000
- Reacquisition of West Georgia franchise to create regional corporate hub after integration with prior franchise reacquisitions in area

Dr. Patrick DeSouza, Executive Chairman of Water Intelligence, commented:

“We are enthusiastically executing our 2025-26 plan to drive accelerated organic growth and to realize gains from investments previously made, such as our Salesforce operating platform. We have momentum from a strong 2Q. Over the next couple of quarters, we will be publishing new KPIs reflecting such gains.

Our Technology Enabled Services model positions us well. Preventive maintenance solutions for aging water infrastructure, as opposed to restoration after an unattended to water leak, is increasingly sought after by the residential, commercial and municipal customers as the price of water continues to rise. Our StreamLabs partnership executed during 1H enables us to provide end-to-end products and services from monitoring to leak detection and repair to aftercare and to help our customers via a subscription model to get ahead of any potential problem.

We are now the only nation-wide company in the US in a fragmented market for service providers that can provide the end-to-end set of preventive maintenance solutions directly. Moreover, with our latest proprietary leak detection equipment to be unveiled at our forthcoming annual ALD Convention 22-25th of October, we will be unmatched and this positions us well for a strong 2026.

While building out our multinational platform and continuing to meet expectations in terms of profitability, we have preserved a strong balance sheet and credit capacity. As a result, we have the resources both to be opportunistic through acquisitions but also to provide some liquidity for shareholders through share repurchases. We are confident in our ability to deliver results in the near-term.”

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: Tel: +1 203 584-8240

Grant Thornton UK LLP – Nominated Adviser — Tel: +44 (0) 20 7383 5100
Philip Secrett

Harrison Clarke
Ciara Donnelly

Canaccord Genuity Limited – **Joint Broker** Tel: + 44 (0)207 523 8000
Simon Bridges
Harry Gooden
Elizabeth Halley-Stott

Dowgate Capital Ltd – Joint Broker Tel: +44 (0)20 3903 7715

Chairman's Statement

During 1H, we began to execute against our *Next 50 Growth Plan* that we launched in October 2024 at the annual Conference for our core business - American Leak Detection (ALD). As discussed below, we have started well in delivering and have momentum for 2H based on a strong 2Q. The Group's vision from its beginnings on AIM has always been to transform ALD's unique operating footprint that provides technology-driven, water leak detection and repair services to customers all across the United States into a scalable multinational "One Stop Shop." We have a positive indicator for our scalability as EBITDA Adjusted margins have moved to 20%; moreover, we have room for further improvements from our fast growing Water Intelligence International business (+64% 1H 2025 vs. 1H 2024) as we extend the platform globally to handle all water infrastructure needs of residential, commercial and municipal customers in a seamless way.

Starting with ALD's 1H performance, we invested in the final piece of the platform vision during 1H with our StreamLabs partnership to introduce wireless monitoring capabilities. We have tested the new offering during 1H in certain pilot cities with positive customer reaction. In addition, pleasingly we have also observed different indicators that prior investments in the platform are delivering efficiencies and scale. Now, as we approach our 2025 ALD Conference in mid-October, we will be updating key performance indicators (KPIs) reflecting our progress for a new round of accelerated growth built upon today's base of approximately $175 million annual network sales.

Our new KPIs will focus on three key concepts – *Preventive Maintenance*, *Technology Enabled Solutions Platform* and the *Dallas Operating Template*. All three reinforce our core technology-driven, minimally-invasive, leak detection value proposition and create a coherent economic model that is scalable. Importantly, we believe we are the only nationwide provider in the US that can bring such a comprehensive technology profile to bear on leak detection problems in water infrastructure. As outlined below, our new KPIs are geared to show the yield from our investments.

First, as a matter of competitive strategy, market demand for end-to-end *Preventive Maintenance* solutions for water infrastructure – whether residential, commercial or municipal – is rapidly growing. Customers – whether homeowners, property management or insurance companies - are recognizing the need to be proactive rather than wait for serious losses and greater damages. The current revolution in data science enables better capture and quantification of water data to show the return on investment for preventive maintenance. Some of the Group's collection of proprietary technologies, especially *LeakVue 2,* already leverage such data about water flow to pinpoint leaks. As a result, our combination of proprietary tools and wireless products, an installed base of household customers across the US and a national services footprint mapped to a national insurance channel structure enable both the collection of first party data and its exploitation for winning competitive differentiation.

Over the last six months, we have built out our StreamLabs partnership to create further competitive advantage for such a new world of preventive maintenance. StreamLabs, a company owned by Chubb insurance, has what we have evaluated to be the highest quality water monitoring product that can provide wireless data alerts of a water leak and an ability to shut-off water flow. We are pleased that ALD is able to "white label" the StreamLabs products to our customers and to own dashboards so that we can be a first responder for our customers and seamlessly leverage our proprietary leak detection technology and highly-trained professionals to pin-point leaks, remediate them in minimally-invasive fashion and provide aftercare based on data. During 1H we have trained our technicians in StreamLabs products, set-up proprietary workflow routines in our Salesforce operating system and sold StreamLabs units in pilot cities. Customer feedback has been outstanding. Coincident with our ALD Convention in October we will be ramping up sales and marketing efforts and developing revenue growth KPIs supplementary to our existing offerings. Moreover, the reliability of the StreamLabs product reinforces ALD's high quality brand and reduces liability risk for false readings unlike other products.

Second, over the last several years we have invested in building out a *Technology Enabled Solutions* (TES) business model so that we could scale efficiently. Our Salesforce operating system and various applications from web forms to SEEEN video moments gather and store data securely in the Salesforce cloud to improve leak detection services, the training of technicians and even the care of customers. We have integrated such data flows from our national insurance channels with our Salesforce system and automatically produce service level customer records. We are now tying together StreamLabs monitoring technology to service level agreements from insurance channels such as Chubb. In terms of KPIs, now that we have various data flows integrated, we can reduce unnecessary software licenses linked to each of our 150 locations as well as certain administrative headcount since job information is routed directly to technicians and service level reports generated more efficiently. Such efficiencies will underpin further subscription offerings. EBITDA Adjusted margins have improved during 1H and we will be developing KPIs on operating efficiencies and margin expansion.

Third, with respect to the *Dallas Template*, as previously discussed, we reacquired during Q4 2024 ALD's highly successful Dallas franchise led by Will Knell, then appointed Will as CEO of ALD and are now cloning the Dallas unit's operating model – one that has generated significant sales growth and 30% margins – across the other forty-five corporate locations. During 1H, we started making various changes including the introduction of performance-based incentives used in Dallas. Such performance-based incentives include assisting with the sale of StreamLabs products. We will be developing KPIs based on corporate store operating efficiencies and additional revenue yield from technician-led sales. We expect to see corporate store operating margins increase from 2024's yield of 18% to a target level of 22% during 2026 which, if we are successful, should unlock at least $2million of organic profits. Implementing the Dallas template will also make future franchise reacquisitions more efficient from the start.

1H Financial Results. As described above, 1H was marked by significant investment and management attention to completing a TES platform. In parallel, the business continued to grow both top-line and bottom-line with added momentum for 2H with a strong 2Q. Group revenues grew 8% to $45 million (1H 2024: $41.5 million). Group corporate locations grew 13% to $37.1 million (1H 2024: $32.4 million). Among the corporate locations, US corporate locations grew 7% to $30.3 million (1H 2024: $28.3 million). International corporate locations led by Ireland (acquisition) and Australia (organic) grew 64% to $6.8 million (1H 2024: $4.1 million). Franchise royalties declined 10% to $3.21 million (1H 2024: $3.55 million) with such decline largely as a result of prior franchise acquisitions which reduced the pool of franchise royalties. Network sales for 1H (both corporate sales and gross sales from franchises from which royalty income is derived) was flat at approximately $90 million.

While we report both statutory and adjusted EBITDA and profit before tax, as a result of IFRS 3 treatment of 2H 2024's acquisition in Ireland and conforming treatment of a Las Vegas acquisition, we believe the adjusted numbers are more relevant for comparisons. With respect to Ireland, because of the earn-out structure of the transaction – designed to reduce transition risk – profits are treated as a remuneration expense. In Las Vegas, because the former franchise owner did not meet an earnings target as part of his deferred payments, again to minimize risk, the Group's gain from non-payment of this liability was excluded from income for year-over-year comparisons.

Hence Profit before Tax Adjusted for amortization, share-based payments and non-core costs/gains increased by 8% to $5.7 million (1H 2024 $5.26 million). EBITDA Adjusted for share-based payments and non-core costs/gains increased 16% to $9.2 million (1H 2024: $8.0 million). Meanwhile, statutory Profit before Tax decreased by 11% to $4.2 million (1H 2024: $4.7 million). Statutory EBITDA increased by 4% to $8.2 million (1H 2024: $7.8 million). EBITDA Adjusted margins increased 20% (1H 2024: 19%); Profit before taxes adjusted margins remained the same as 1H 2024 at 13%.

Our balance sheet remained strong and under-levered. The Group has sufficient resources to execute its *Next 50 Plan*. Cash at 30 June was $8.42 million. The ratio of Net Debt (including both bank debt and deferred payments from prior acquisitions) to EBITDA Adjusted was 1.24.

Strategic Direction.

The Group's focus going forward is on monetizing its investments that underpin its competitive strategy of preventive maintenance. Because of our TES platform, we are uniquely positioned to accelerate revenue growth by selling a suite of products, services and analytic data that provide end-to-end solutions to reduce water loss from leakage because of failing infrastructure whether residential, commercial or municipal. Moreover, given the scalability of our "One Stop Shop" we can execute such sales more efficiently leading to improved operating margins. In a fragmented market for solutions providers, our platform approach is valued by customers who want one service provider to seamlessly integrate all needs from wireless monitoring to pinpoint leak detection to minimally invasive repair to continued aftercare..

Our capital allocation policy remains the same: a priority of feeding organic growth but with an eye toward opportunistic acquisitions (especially franchisees and plumbing) that reinforce our growing operating footprint. To be sure, we recognize that we are undervalued and have allocated capital to enable liquidity through share repurchases. Year-to-date, we have reacquired 148,000 shares. We have a strong balance sheet and have the available resources to support our *Next 50 Plan*.

We remain confident about our growth prospects over the coming quarters as we capture data for KPIs informing our *Next 50 Plan* and, as always, appreciate the support of our shareholders.

Interim Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2025	Six months ended 30 June 2024	Year ended 31 December 2024
		$	$	$
		Unaudited	**Unaudited**	**Audited**
Revenue	4	45,025,419	41,525,858	83,291,649
Cost of sales		(4,346,322)	(4,992,886)	(9,795,325)
Gross profit		**40,679,097**	**36,532,972**	**73,496,324**
Administrative expenses				
- Other income		96,780	737,289	974,355
- Gain on bargain purchase		-	-	356,464
- Share-based payments		(174,915)	(151,138)	(379,343)
- Amortisation of intangibles		(455,240)	(427,026)	(854,878)
- Other administrative costs		(34,974,440)	(31,442,024)	(65,941,266)
Total administrative expenses		(35,507,815)	(31,282,899)	(65,844,668)
Operating profit		**5,171,282**	**5,250,073**	**7,651,656**
Finance income		227,773	186,835	395,729
Finance expense		(1,222,090)	(731,327)	(1,690,900)
Profit before tax	4	**4,176,965**	**4,705,581**	**6,356,485**
Taxation expense		(1,075,568)	(1,412,117)	(1,572,490)
Profit for the period		**3,101,397**	**3,293,464**	**4,783,995**
Attributable to:				
Equity holders of the parent		3,038,919	3,300,966	4,680,130
Non-controlling interests		62,478	(7,502)	103,865
		3,101,397	**3,293,464**	**4,783,995**
Other comprehensive income				
Exchange differences arising on translation of foreign operations		292,711	(103,159)	(173,851)
Cash flow hedge movement not subsequently reclassified to the P&L		(485,817)	11,765	(128,528)
Fair value adjustment on listed equity investment (net of deferred tax)		(32,186)	(173,597)	215,558
Total comprehensive income for the period		**2,876,105**	**3,028,473**	**4,697,174**
Earnings per share		**Cents**	**Cents**	**Cents**
Basic	5	17.5	19.0	26.9
Diluted	5	17.1	18.5	26.3

Consolidated Statement of Financial Position as at 30 June 2025

	Notes	At 30 June 2025 $ Unaudited	At 30 June 2024 $ Unaudited	At 31 December 2024 $ Audited
ASSETS				
Non-current assets				
Goodwill		68,928,861	52,473,874	64,996,704
Listed equity investment		255,558	237,304	292,067
Other intangible assets		13,916,811	8,959,620	11,632,065
Interest rate swap		6,007	288,030	491,824
Property, plant and equipment		15,121,544	12,883,938	12,991,015
Trade and other receivables		288,694	297,707	250,500
		98,517,475	75,140,473	90,654,175
Current assets				
Inventories		882,747	870,648	930,439
Trade and other receivables		13,182,487	11,737,242	10,934,817
Investments		4,207,544	4,446,570	6,683,089
Cash and cash equivalents		4,211,873	6,665,581	5,452,479
		22,484,651	23,720,041	24,000,824
TOTAL ASSETS	4	121,002,127	98,860,514	114,654,999
EQUITY AND LIABILITIES				
Equity attributable to holders of the parent				
Share capital	6	143,192	143,192	143,192
Share premium	6	35,417,072	35,226,469	35,417,072
Shares held in treasury	6	(1,149,538)	(752,140)	(883,549)
Merger reserve		1,001,150	1,001,150	1,001,150
Share based payment reserve		2,997,281	2,405,485	2,822,366
Foreign exchange reserve		(1,186,178)	(1,408,196)	(1,478,888)
Reverse acquisition reserve	6	(27,758,088)	(27,758,088)	(27,758,088)
Equity investment reserve		(826,855)	(839,737)	(794,668)
Cash flow hedge reserve		6,007	288,030	491,823
Retained profit		59,057,225	54,796,780	56,018,304
		67,701,266	63,102,945	64,978,714
Equity attributable to Non-Controlling interest				
Non-controlling interest		359,213	343,642	455,007
Non-current liabilities				
Borrowings and lease liabilities		27,981,083	13,681,567	26,361,482
Deferred consideration		3,956,104	501,720	5,332,269
Deferred tax liability		4,246,026	3,988,963	3,212,788
		36,183,213	18,172,250	34,906,539
Current liabilities				
Trade and other payables		7,228,104	5,685,245	6,749,312
Borrowings and lease liabilities		3,964,092	7,078,714	3,787,362
Deferred consideration		5,566,238	4,477,718	3,778,065
		16,758,435	17,241,677	14,314,739
TOTAL EQUITY AND LIABILITIES		121,002,127	98,860,514	114,654,999

Interim Consolidated Statement of Changes in Equity
For the six months ended 30 June 2025

	Share Capital	Share Premium	Shares held in treasury	Reverse Acquisition Reserve	Merger Reserve	Share based payment reserve	Foreign exchange reserve	Equity investment reserve	Cash Flow Hedge Reserve	Retained Profit	Total	Non-controlling interest	Total Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
As at 1 January 2024	**143,192**	**35,417,072**	**(1,139,404)**	**(27,758,088)**	**1,001,150**	**2,254,347**	**(1,305,037)**	**(666,140)**	**276,265**	**51,495,814**	**59,719,171**	**610,375**	**60,329,546**
Share based payment expense	-	-	-	-	-	151,138	-	-	-	-	151,138	-	151,138
Share buyback	-	-	(39,114)	-	-	-	-	-	-	-	(39,114)	-	(39,114)
Issue of Treasury Shares	-	(190,603)	426,377	-	-	-	-	-	-	-	235,774	-	235,744
Distribution to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(259,231)	(259,231)
Profit for the period	-	-	-	-	-	-	-	-	-	3,300,966	3,300,966	(7,502)	3,293,464
Other comprehensive income	-	-	-	-	-	-	(103,159)	(173,597)	11,765	-	(264,991)	-	(264,991)
As at 30 June 2024 (unaudited)	**143,192**	**35,226,469**	**(752,140)**	**(27,758,088)**	**1,001,150**	**2,405,485**	**(1,408,196)**	**(839,737)**	**288,030**	**54,796,780**	**63,102,945**	**343,642**	**63,446,587**
Share-based payment expense	-	-	-	-	-	228,205	-	-	-	-	228,205	-	228,205
Options granted as part of the purchase price	-	-	-	-	-	188,676	-	-	-	-	188,676	-	188,676
Share buyback	-	-	(131,409)	-	-	-	-	-	-	-	(131,409)	-	(131,409)
Issue of Treasury Shares	-	190,603	-	-	-	-	-	-	-	(157,640)	32,963	-	32,963
Profit for the period	-	-	-	-	-	-	-		-	1,379,164	1,379,164	111,367	1,490,531
Other comprehensive income	-	-	-	-	-	-	(70,692)	45,069	203,793	-	178,170	-	178,170
As at 31 December 2024 (audited)	**143,192**	**35,417,072**	**(883,549)**	**(27,758,088)**	**1,001,150**	**2,822,366**	**(1,478,888)**	**(794,668)**	**491,823**	**56,018,304**	**64,978,714**	**455,007**	**65,433,721**
Share based payment expense	-	-	-	-	-	174,915	-	-	-	-	174,915	-	174,915
Share buyback	-	-	(265,989)	-	-	-	-	-	-	-	(265,989)	-	(265,989)
Distribution to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(158,272)	(158,272)
Profit for the period	-	-	-	-	-	-	-	-	-	3,038,919	2,797,231	62,478	3,101,297
Other comprehensive income	-	-	-	-	-	-	292,711	(32,186)	(485,817)	-	(225,292)	-	(225,292)
As at 30 June 2025 (unaudited)	**143,192**	**35,417,072**	**(1,149,538)**	**(27,758,088)**	**1,001,150**	**2,997,281**	**(1,186,179)**	**(826,855)**	**6,007**	**59,057,223**	**67,701,262**	**359,216**	**67,060,478**

Interim Consolidated Statement of Cash Flows
For the six months ended 30 June 2025

	Six months ended 30 June 2025	Six months ended 30 June 2024	Year ended 31 December 2024
	$	$	$
	Unaudited	Unaudited	Audited
Cash flows from operating activities			
Profit before tax	4,176,965	4,705,581	6,356,484
Adjustments for non-cash/non-operating items:			
Depreciation of plant and equipment	2,547,496	2,164,749	4,568,406
Amortisation of intangible assets	455,240	427,026	854,878
Share based payments	174,915	151,138	379,343
Gain from reversal of contingent consideration	-	-	(700,000)
Gain on bargain purchase	-	-	(356,464)
Non cash employment costs	-	-	268,737
Interest paid	1,222,090	731,327	1,690,900
Interest received	(227,773)	(186,835)	(395,729)
Operating cash flows before movements in working capital	7,931,639	7,992,987	12,666,555
(Increase)/Decrease in inventories	47,693	(147,333)	(207,124)
(Increase)/Decrease in trade and other receivables	(2,275,154)	(763,706)	1,634,614
Decrease in trade and other payables	625,580	(811,844)	127,689
Cash generated by operations	6,747,052	6,270,103	14,221,734
Income taxes	(38,008)	(5,430)	(1,739,725)
Net cash generated from operating activities	6,709,044	6,264,674	12,482,009
Cash flows from investing activities			
Purchase of plant and equipment	(608,449)	(904,971)	(2,108,307)
Disposal of plant and equipment	66,845	-	200,554
Purchase of intangibles	(2,682,026)	(1,491,522)	(3,813,954)
Acquisition of subsidiaries	-	-	(571,246)
Reacquisition of Franchises	(2,900,000)	(2,000,000)	(6,511,890)
Sale of investments	2,475,545	2,428,680	192,161
Interest received	227,773	186,835	395,729
Net cash used in investing activities	(3,420,312)	(1,780,978)	(12,216,953)
Cash flows from financing activities			
Share buy-back	(265,990)	(39,114)	(170,522)
Distribution to non-controlling interest	(158,272)	(259,232)	(185,733)
Interest paid	(1,087,157)	(610,059)	(1,635,600)
Proceeds from borrowings	-	2,000,000	26,628,000
Repayment of borrowings	(1,074,804)	(2,759,300)	(18,410,090)
Repayment of notes	(1,009,324)	(3,726,079)	(8,098,116)
Repayment of lease liabilities	(933,790)	(1,306,955)	(1,823,143)
Net cash used in financing activities	(4,529,337)	(6,700,739)	(3,695,204)
Net decrease in cash and cash equivalents	(1,240,605)	(2,217,043)	(3,430,148)
Cash and cash equivalents at the beginning of period	5,452,479	8,882,627	8,882,627
Cash and cash equivalents at end of period	4,211,875	6,665,581	5,452,479

Notes to the Interim Consolidated Financial Information
for the six months ended 30 June 2025

1 General information

The Group is a leading provider of minimally-invasive leak detection and remediation services and products for water and wastewater infrastructure. The Group's strategy is to be a provider of "end-to-end" solutions - a "one-stop shop" for residential, commercial and municipal customers.

The Company is a public limited company domiciled in the United Kingdom and incorporated under registered number 03923150 in England and Wales. The Company's registered office is 27-28 Eastcastle Street, London, W1W 8DH.

2 Significant accounting policies

Basis of preparation and changes to the Group's accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial information are consistent with those of the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

This interim consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with IAS 34, "Interim financial reporting". This interim consolidated financial information is not the Group's statutory financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis of matter without qualifying their report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The interim consolidated financial information for the six months ended 30 June 2025 is unaudited. In the opinion of the Directors, the interim consolidated financial information presents fairly the financial position, and results from operations and cash flows for the period. Comparative numbers for the six months ended 30 June 2024 are unaudited.

This interim consolidated financial information is presented in US Dollars ($), rounded to the nearest dollar.

Foreign currencies

(i) Functional and presentational currency
Items included in this interim consolidated financial information are measured using the currency of the primary economic environment in which each entity operates ("the functional currency") which is considered by the Directors to be the Pounds Sterling (£) for the Parent Company and US Dollars ($) for American Leak Detection Holding Corp. This interim consolidated financial information has been presented in US Dollars which represents the dominant economic environment in which the Group operates and is considered to be the functional currency of the Group. The effective exchange rate at 30 June 2025 was £1 = US$ 1.3724 (30 June 2024: £1 = US$ 1.2647).

Critical accounting estimates and judgments

The preparation of interim consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, the resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing this interim consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

3 Significant events and transactions

As detailed in Footnote 7 the Group launched its StreamLabs Partnership; reacquired its West Georgia franchise and has repurchased 148,000 shares year to date.

4 Segmental information

In the opinion of the Directors, the operations of the Group currently comprise four operating segments: (i) franchise royalty income, (ii) franchise-related activities including sale of franchise territory, business-to-business sales and product and equipment sales, (iii) US corporate-operated locations led by the Group's U.S.-based American Leak Detection subsidiary and (iv) international corporate locations led by the Group's UK-based Water Intelligence International subsidiary.

The Group mainly operates in the US, with operations in the UK, Canada and Australia. In the six months to 30 June 2025, 84.8% (1H 2024: 87.6%) of its revenue came from the US-based operations; the remaining 15.2% (1H 2024: 12.4%) of its revenue came from its international corporate operated locations.

No single customer accounts for more than 10% of the Group's total external revenue.

The Group adopted IFRS 8 Operating Segments with effect from 1 July 2008. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group.

Information reported to the Group's Chief Operating Decision Maker (being the Executive Chairman), for the purpose of resource allocation and assessment of division performance is separated into four income generating segments that serve as key performance indicators (KPI's):

- Franchise royalty income;
- Franchise-related activities (including sale of franchise territory, product and equipment sales and Business-to-Business sales);
- US corporate operated locations; and
- International corporate operated locations.

Items that do not fall into the four segments have been categorised as unallocated head office costs and non-core costs.

The following is an analysis of the Group's revenues, results from operations and assets:

Revenue	**Six months ended 30 June 2025 $ Unaudited**	**Six months ended 30 June 2024 $ Unaudited**	**Year ended 31 December 2024 $ Audited**
Franchise royalty income	3,212,811	3,554,456	6,503,134
Franchise related activities	6,479,930	5,534,301	10,665,512
US corporate operated locations	30,337,393	28,298,872	55,854,674
International corporate operated locations	6,795,286	4,138,228	10,268,329
Total	**45,025,420**	**41,525,858**	**83,291,649**

Profit before tax	**Six months ended**	**Six months ended**	**Year ended 31 December**

	30 June 2025 $ Unaudited	30 June 2024 $ Unaudited	2024 $ Audited
Franchise royalty income	1,124,483	1,138,459	2,296,003
Franchise related activities	333,608	541,415	870,187
US corporate operated locations	5,378,814	5,134,673	10,005,806
International corporate operated locations	(167,683)	(161,386)	(601,899)
Unallocated head office costs	(1,867,259)	(1,972,580)	(5,684,612)
Net Non-core costs/gains	(625,000)	25,000	(529,000)
Total	**4,176,963**	**4,705,581**	**6,356,485**

Assets	Six months ended 30 June 2025 $ Unaudited	Six months ended 30 June 2024 $ Unaudited	Year ended 31 December 2024 $ Audited
Franchise royalty income	25,435,882	21,827,215	26,022,309
Franchise related activities	3,429,417	3,495,142	3,142,406
US corporate operated locations	74,788,134	57,389,619	68,349,942
International corporate operated locations	17,348,694	16,148,538	17,140,342
Total	**121,002,127**	**97,860,514**	**114,654,999**

Geographic Information

The Group has two wholly-owned subsidiaries – American Leak Detection (ALD) and Water Intelligence International (WII). Operating activities are captured as both franchise-executed operations and corporate-executed operations. ALD has both US franchises and corporate-operated locations. It also has international franchises, principally located in Australia and Canada. Operations focus on residential and commercial water leak detection and remediation with some municipal activities. By comparison, WII has only corporate operations located outside the United States. These WII international operations are principally municipal activities with some residential leak detection and remediation. As noted herein, the Group's vision is to become a multinational growth company and a "One Stop Shop" for residential, commercial and municipal solutions to water and wastewater infrastructure problems.

Total Revenue

	Six months ended 30 June 2025		Unaudited	Year ended 31 December 2024		Audited
	US $	International $	Total $	US $	International $	Total $
Franchise royalty income	3,179,120	33,692	3,212,811	6,407,529	95,605	6,503,134
Franchise related activities	4,679,930	-	4,679,930	10,665,512	-	10,665,512
US corporate operated locations	30,337,393	-	30,337,393	55,854,674	-	55,854,674
International corporate operated locations	-	6,795,286	6,795,286	-	10,268,329	10,268,329
Total	**38,196,442**	**6,828,978**	**45,025,420**	**72,927,715**	**10,363,934**	**83,291,649**

5 Earnings per share

The earnings per share has been calculated using the profit for the period and the weighted average number of Ordinary shares outstanding during the period, as follows:

	Six months ended 30 June 2025 Unaudited	Six months ended 30 June 2024 Unaudited	Year ended 31 December 2024 Audited
Earnings attributable to shareholders of the Company ($)	3,038,919	3,300,966	4,680,130
Weighted average number of ordinary shares	17,333,707	17,402,288	17,391,205
Diluted weighted average number of ordinary shares	17,756,887	17,823,584	17,825,495
Earnings per share (cents)	17.5	19.0	26.9
Diluted earnings per share (cents)	17.1	18.5	26.3

Earnings per share are computed based on Ordinary shares. There is a class of B Ordinary Shares discussed in Footnote 6 that are not admitted to trading.

6 Share capital

The issued share capital at the end of the period was as follows:

Group & Company	**Ordinary Shares of 1p each Number**	**Shares held in treasury Number**	**Total Number**
At 30 June 2025	**17,311,538**	**176,150**	**17,487,688**
At 30 June 2024	**17,398,688**	**89,000**	**17,487,688**
At 31 December 2024	**17,371,538**	**116,150**	**17,487,688**

The net number of options including the new grants and leavers from the Company at 30 June 2024 is 2,773,000. On 29 September 2025 the Company expects to issue options for 275,000 shares to satisfy 2024 Board Compensation. The options have an exercise price of 345p which was the share price at end of the 1Q after 2024 books were closed. The compensation expense is already accrued in the 2024 Accounts.

Group & Company	**Share Capital**	**Share Premium**	**Shares In Treasury**
	$	**$**	**$**
At 30 June 2025	**143,192**	**35,417,071**	**(1,149,538)**
At 30 June 2024	**143,192**	**35,226,469**	**(752,140)**
At 31 December 2024	**143,192**	**35,417,071**	**(883,548)**

Reverse acquisition reserve

The reverse acquisition reserve was created in accordance with IFRS3 Business Combinations and relates to the reverse acquisition of Qonnectis Plc by ALDHC in July 2010. Although these Consolidated Financial Statements have been issued in the name of the legal parent, the Company it represents in substance is a continuation of the financial information of the legal subsidiary ALDHC. A reverse acquisition reserve was created in 2010 to enable the presentation of a consolidated statement of financial position which combines the equity structure of the legal parent with the reserves of the legal subsidiary. Qonnectis Plc was renamed Water Intelligence Plc on completion of the reverse acquisition on 29 July 2010.

7 Transactions in the Period and Subsequent Events

On 26 February, the Group announced a strategic partnership with StreamLabs, Inc., a Chubb company. StreamLabs is a leading provider of high quality wireless water monitoring devices that can provide alerts to the presence of water leaks and also a capability of remotely shutting-off water flow to pipes. Under the preferred partnership agreement, ALD has preferred pricing for reselling StreamLabs products, the ability to "White Label" StreamLabs products under the ALD brand and the rights to data and dashboards to provide subscription-based aftercare to customers.

On 6 August, the Group announced the reacquisition of its West Georgia franchise for an initial payment of $350,000 in cash and additional payment based on an earnout formula with a maximum aggregate price of four times profits. The transaction enables the Group to create a regional hub in the Southeast US aggregating existing corporate locations in Georgia and South Carolina.

Year to Date (Issuance of this Interim Report) the Group has repurchased 148,000 shares as part of its capital allocation policy.

8 Publication of announcement and the Interim Results

A copy of this announcement will be available at the Company's registered office (27-28 Eastcastle Street, London, W1W 8DH) from the date of this announcement and on its website – www.waterintelligence.co.uk. This announcement is not being sent to shareholders.

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