



Reacquisition of South Oregon 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 that it has reacquired its South Oregon franchise (the “Acquisition”) within the Group’s American Leak Detection subsidiary (“ALD”). Today’s acquisition accelerates the Group’s strong growth trajectory by adding scale to its regional hub of corporate operations in the northwest United States; a territory where green economy solutions are in high demand.

Key terms of the Acquisition

The purchase price of \$1.38 million in cash will be paid over the next twelve months and includes all assets required to conduct operations, including trucks and equipment. The purchase price is based on a pro forma revenue of \$1.15 million and \$0.25 million in profit before tax for full year 2021. The territory had \$0.25 million in gross assets as of 31 October 2021. The acquisition will be earnings accretive for Water Intelligence shareholders.

Strategic rationale for the Acquisition

The Acquisition reinforces the Group’s strategy of establishing regional corporate hubs in the US with scale to accelerate growth in nearby corporate and franchise locations. With respect to the Northwest, the growth objectives for the regional hub were announced with the acquisition of the Seattle franchise in January 2021: (i) integrate corporate operations to the south with Portland, Oregon and add efficiencies of scale; (ii) open a new corporate location in Vancouver, Canada to the north; and (iii) open the US headquarters for UK-based Water Intelligence International to deliver a broader range of municipal solutions to take advantage of the expected increase in infrastructure spending.

The Group is on-track with meeting these objectives and with today’s acquisition of South Oregon, expects to advance them further by: (i) increasing operating efficiencies by extending Portland’s operations further south; (ii) integrating a South Oregon franchise team that has worked seamlessly with the Seattle and Portland operations for many years; and (iii) leveraging the expertise of the franchise owner, who has significant experience with municipal solutions and is staying on as a corporate manager. The franchise owner will, in due course, be granted options for 10,000 shares at a premium to the prevailing share price at the time of the grant (to be not less than the recent placing price of 1200p) and have a four-year vesting period, consistent with recent franchise reacquisitions.

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With increased corporate presence in the Northwest, the Group also plans to launch a regional training center for the Western part of the United States. The training center would enable the Group to add more trained technicians for both corporate and franchise stores to capture ever-increasing market demand as the price of water increases due to drought conditions and issues of climate change in the Western U.S.

Executive Chairman, Dr. Patrick DeSouza commented: “I am very pleased with today’s acquisition, which builds on our recent fundraising and acquisitions over the last few years. We are integrating a strong team with our growing corporate operations in the northwest United States; the team will contribute significantly to our upward trajectory. Market demand for water infrastructure and green economy solutions is especially strong in the northwest United States and growth has accelerated despite Covid-related issues because water infrastructure is deemed to be ‘an essential service’. We take it as our mission to deliver minimally invasive solutions everywhere to preserve the world’s most precious resource.”

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014

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