



## DECEMBER 2022 – OVERVIEW & UPDATE

- ✓ ***In excess of £1.8M in cash***
- ✓ ***Development program making solid progress while continuing to provide new intellectual property***
- ✓ ***Recruitment of additional development engineers remains challenging***
- ✓ ***Active discussions continue with global water companies & utility contractors***
- ✓ ***A large expansion in patent portfolio in recent months***
- ✓ ***Updated Website & LinkedIn***

### ***Current Status***

- Unique technology for replacing existing drinking water pipes***
- Process/product has UK & US Regulatory approval for installation in public drinking water pipes***
- First live drinking water installation with Severn Trent Water Plc in a section of 9" diameter distribution pipe***
- Cuts water pipe replacement cost by up to 50% and increases the speed, by up to 10 times, of traditional pipe replacement***
- Global business opportunity with expanding patent portfolio***
- Environmentally friendly technology and product – no chemicals and low carbon footprint***

### ***Target Milestones***

- 1) Complete the development of the installation equipment
- 2) Lower cost approved lining material supply
- 3) UK launch of commercial installation equipment
- 4) Start planned UK roll out of the Aqualiner solution
- 5) Additional patent applications and international patent grants
- 6) Complete negotiations for a series of global territorial licenses

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## **Business Overview/Review**

Aqualiner has the only fully structural drinking water liner with UK regulatory approval for installation in water companies' pipe network. It is a unique patented process for renewing aged water pipes without the need to dig up the pipes. The process was developed in conjunction with Severn Trent, Anglian, Yorkshire and Wessex Water. In 2021 Aqualiner completed its initial live commercial installation with Severn Trent Water. The current phase is to modify our equipment ready to be repetitively used by utility contractors. The current activities are:

1. Developing the process and equipment for licensed installation contractors
2. Evaluating alternative raw material suppliers and improving manufacturing capabilities
3. Expanding the business to adapt and meet the demand of global licensed contractors conducting commercial installations

### **❖ *System design evolution***

We have continued to work with thermoplastic roving and fabric to provide a liner material with significantly improved composition and construction which better matches our design requirements, having established specialist testing and prototype manufacturing facilities. This has allowed us to continue to identify design requirements and improvements that offer significant benefits over the commercially available fabrics. The foregoing is creating further IP suitable for possible patent applications.

Further design evolution of the system (pig, controller, etc) is focused on a number of different areas of the "heated pig" including a new heater design that satisfies the commercial operating requirement of the equipment when used onsite by utility contractors.

### **❖ *Recruitment - Operational and engineering team expansion***

Recruitment of our full team of skilled engineers remains challenging. We are actively trying new and innovative ways to access people/markets where we can find people who we can hire. We have further expanded our recruitment programme to include additional recruiters, head-hunters, industry networks and approaching potential candidates through the Home Office Skilled Worker Visa scheme. We are looking for engineers with specific/relevant skills and experience that would be beneficial to developing our unique process. We are encouraged by discussions with the water companies and utility contractors, who have had a similar challenging experience over the past year, that they now believe the engineer recruitment environment is showing signs of improvement due to recent events in the UK economy.

### ❖ ***Discussions with water companies & utility contractors concerning commercial deployment***

As a result of the summer droughts/hosepipe bans we have received considerable additional interest in Aqualiner from utility contractors and UK water companies who want to see the product installed on their network. We continue to have regular update calls with Severn Trent, Wessex Water and Anglian Water. We are now in communication with most of the UK water companies. We were invited to join a selected group of suppliers, main frame utility contractors and consultants, at South East Water's Leakage Ideas Sprint. Detailed discussions have also been held with Sutton & East Surrey Water concerning specific interest in future implementation.

Our discussions continue with interested potential partners/licensees in the UK, Europe, Asia and North & South America. The commercial opportunity/activity remains as exciting as ever. We are currently advising the water companies and utility contractors that we should have commercial installation capability late 2023 or early 2024. This is based upon the full development team being in place in by mid 2023.

### ❖ ***Financials***

The Company currently has in excess of £1.8 million in cash – including £104k received in September from HMRC for our claim for a R&D tax credit refund. We have taken the opportunity to place funds on bank treasury accounts to benefit from the increase in interest rates. Currently the Company's average cash burn rate is £60k per month.

The Company believes that in the 3rd year from our commercial product launch, the Company could reach an annual install rate of in excess 1,000km which represents 0.02% of the European and US network. Achieving this could result in a pre-tax profit of approximately £11mil which currently equates to approximately £0.35 per share in earnings. Alternatively, to renew 10% of the US & European drinking water pipe could generate £1.75bn in sales. Whichever way the opportunity is considered the potential upside remains significant.

### ❖ ***Aqualiner returns to attending/presenting at international conferences, trade shows and exhibitions***

Following the removal of Covid travel restrictions around the world, the water industry's cycle of technical conferences, trade shows and exhibitions has resumed. The company took the opportunity to deliver an update to delegates at the International Society for Trenchless Technology's 38th International Conference held in Helsinki in October. Our Chairman, Dec Downey who is also President of ISTT spoke on the background to the development of Aqualiner and our successful project undertaken for Severn Trent Water. Plans are afoot for additional marketing efforts in 2023 at Trenchless Asia in Kuala Lumpur, the 2nd European NoDig Conference in Milan and the 39th ISTT Conference in Mexico City. This activity builds on technical presentations made before Covid in North America, Europe, Asia and the Middle East.

### ❖ ***Upgraded Website & LinkedIn posts***

- Website has continued to be updated – [www.aqualiner.co.uk](http://www.aqualiner.co.uk)
- LinkedIn profile has regular fortnightly posts, please see [www.linkedin.com/company/aqualiner](http://www.linkedin.com/company/aqualiner)

❖ **IP – In the past 6 months Aqualiner has seen a large expansion in patent portfolio**

Our patent portfolio currently consists of the following:

Country	Application No	Registration No	Status
Australia	2017335237		Examination in Progress
Australia	2019221821		Application Filed
Belgium	17780151.1	3519723	Registered/Granted
Belgium	19708609.3	3755934	National Phase to be Entered
Canada	3090103		Application Filed
Europe	19708609.3	3755934	Application Accepted
France	17780151.1	3519723	Registered/Granted
France	19708609.3	3755934	National Phase to be Entered
Germany	17780151.1	602017031006.9	Registered/Granted
Germany	19708609.3	3755934	National Phase to be Entered
Ireland	17780151.1	3519723	Registered/Granted
Ireland	19708609.3	3755934	National Phase to be Entered
Italy	17780151.1	502021000023243	Registered/Granted
Italy	19708609.3	3755934	National Phase to be Entered
Japan	2019-537898	6868701	Registered/Granted
Japan	2020-543860		Examination in Progress
Netherlands	17780151.1	3519723	Registered/Granted
Netherlands	19708609.3	3755934	National Phase to be Entered
Spain	17780151.1	3519723	Registered/Granted
Spain	19708609.3	3755934	National Phase to be Entered
Switzerland	17780151.1	3519723	Registered/Granted
Switzerland	19708609.3	3755934	National Phase to be Entered
United Kingdom	1616384.2	2554431	Registered/Granted
United Kingdom	17780151.1	3519723	Registered/Granted
United Kingdom	1802664.1	2571127	Registered/Granted
United Kingdom	19708609.3	3755934	National Phase to be Entered
United States of America	16/336458	11280439	Registered/Granted
United States of America	16/970571	11305492	Registered/Granted
United States of America	17/702297		Examination in Progress

Various patent claims cover the following areas:

- The invention is being incorporated into the heating device which is a core part of the Company's process.
- The high ratio expansion of the compressed air entering the heating device's canister in a very short distance. This achieves as near as possible even flow of air across all of the electrical heating elements.
- The design necessary to achieve even air flow and temperature as it exits the heated pig.

**Archie Adams** - Managing Director  
**Mobile:** +44 7768 774311

**Email:** [a.adams@aqualiner.co.uk](mailto:a.adams@aqualiner.co.uk)