Interim Financial Report
First quarter ended
December 31, 2017

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Trading symbols:
TSX Venture: HEO
Alternext: MNEMO: ALHEO
OTCQX: HEOFF

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL SITUATION

In accordance with National Instrument 51-102 Continuous Disclosure Obligations, the following comments are intended to provide a review and an analysis of H_2O Innovation's operating results and financial position for the quarter ended December 31, 2017, in comparison with the corresponding period ended December 31, 2016. The MD&A should be read in conjunction with the consolidated financial statements and with the accompanying notes for the quarter ended December 31, 2017. Certain statements set forth in this MD&A regarding the operations and the activities of H_2O Innovation as well as other communications by the Corporation to the public that describe more generally management objectives, projections, estimates, expectations or forecasts may constitute forward-looking statements within the meaning of securities legislation. Forward-looking statements concern analysis and other information based on forecast future results and the estimate of amounts that cannot yet be determined. Forward-looking statements include the use of the words such as "anticipate", "if", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "potential", "predict", "project", "should" or "will" and other similar terms as well as those usually used in the future and the conditional, notably regarding certain assumptions as to the success of a venture. Those forward-looking statements involve a number of risks and uncertainties, which may result in actual and future results of the Corporation to be materially different than those indicated. Information about the risk factors to which the Corporation is exposed is provided in the Annual Information Form dated September 26, 2017 available on SEDAR (www.sedar.com). Unless required to do so pursuant to applicable securities legislation, H_2O Innovation assumes no obligation to update or revise forward-looking statements contained in this MD&A or in other communications as a result of new information, future events and other changes.

Unless otherwise indicated, all figures in the present report are expressed in Canadian dollars and come from the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

RESULTS OF OPERATIONS

For the three-month and six-month periods ended December 31, 2017 and 2016

COMPARATIVE FIGURES

The following paragraphs highlight certain information regarding our operations for the three-month and six-month periods ended December 31, 2017 and December 31, 2016. During the year-end audit of fiscal year 2017, the acquisition of Utility Partners has been considered effective as of July 26, 2016 instead of July 1, 2016, as disclosed in the unaudited interim consolidated financial statements for the period ended December 31, 2016. Therefore, the comparative figures for the six-month period ended December 31, 2016 have been adjusted accordingly and only 5 months of Utility Partners' operations are recorded. The impact on the results for the six-month period ended December 31, 2016 are as follow: a decrease in revenues of $2,384,712, a decrease in cost of goods sold of $2,212,400, a decrease in administrative expenses of $172,312 and a decrease of amortization of intangible assets related to the acquisition of Utility Partners of $132,927. The net impact is a decrease of the net loss of $132,927. The basic and diluted loss per share decreased from ($0.074) to ($0.069). The three-month period ended December 31, 2016 has not been affected by this adjustment, as it occurred in July 2016.

	Three-month periods ended December 31,		**Six-month periods ended December 31,**	
	2017	2016	**2017**	2016 (adjusted)[1]
	$	$	**$**	$
Revenues	**25,818,929**	19,957,831	**48,436,927**	37,441,981
Gross profit before depreciation and amortization	**6,213,020**	4,834,439	**10,667,406**	9,125,664
Gross profit before depreciation and amortization (%)	**24.1%**	24.2%	**22.0%**	24.4%
Operating expenses	**1,009,008**	486,003	**1,886,393**	924,407
Selling expenses	**2,217,535**	1,615,633	**3,855,748**	3,211,524
Administrative expenses	**1,625,073**	2,132,083	**3,102,683**	3,820,501
Research and development expenses	**170**	33,872	**8,685**	115,244
Net loss	**(1,340,441)**	(1,093,270)	**(2,430,316)**	(2,042,429)
Basic and diluted loss per share	**(0.033)**	(0.027)	**(0.061)**	(0.069)
Adjusted EBITDA[(a)]	**1,358,281**	809,625	**1,946,344**	1,438,640
Adjusted EBITDA over revenues (%)	**5.3%**	4.1%	**4.0%**	3.8%

[(a)] See section on "Non-IFRS Financial Measurement".

[1] The adjusted results disclosed in this MD&A represent the results that should have been recorded in the financial statements for the six-month period ended December 31, 2016, with the acquisition of Utility Partners dated July 26, 2016, based on the audited financial results for fiscal year 2017. They have been adjusted to include only 5 months of Utility Partners' operations.

NON-IFRS FINANCIAL MEASUREMENT

In this MD&A, the Corporation's management uses measurements that are not in accordance with IFRS. The measurements "Adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA)" and "Net debt" are not defined by IFRS and cannot be formally presented in consolidated financial statements. These non-IFRS measures are presented as additional information and should be used in conjunction with the IFRS financial measurements presented in this report.

The definition of adjusted EBITDA does not take into account the Corporation's net loss from bank fraud and acquisition and integration costs. These items are non-recurring in nature and management believes that it allows a better comparison of the Corporation's historical data as well as comparison with the information presented by competitors. The adjusted EBITDA also excludes other expenses otherwise considered in net earnings (loss) according to Generally Accepted Accounting Principles ("GAAP"), namely the unrealized exchange (gain) loss and the stock-based compensation. These items are non-cash items and do not have an impact on the operating and financial performance of the Corporation. The reader can establish the link between adjusted EBITDA and net loss based on the reconciliation presented below. The definition of adjusted EBITDA used by the Corporation may differ from those used by other companies.

Even though adjusted EBITDA is a non-IFRS measure, it is used by management to make operational and strategic decisions. Providing this information to the stakeholders, in addition to the GAAP measures, allows them to see the Corporation's results through the eyes of management, and to better understand the financial performance, notwithstanding the impact of GAAP measures.

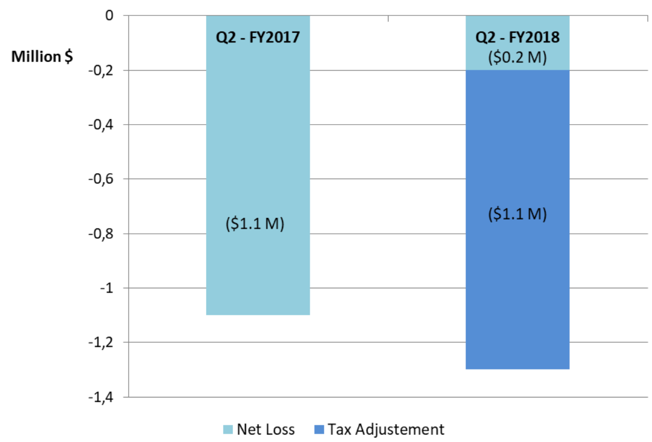
RECONCILIATION OF AJDUSTED EBITDA TO NET LOSS

for the three-month and six-month periods ended December 31, 2017 and 2016

Adjusted EBITDA

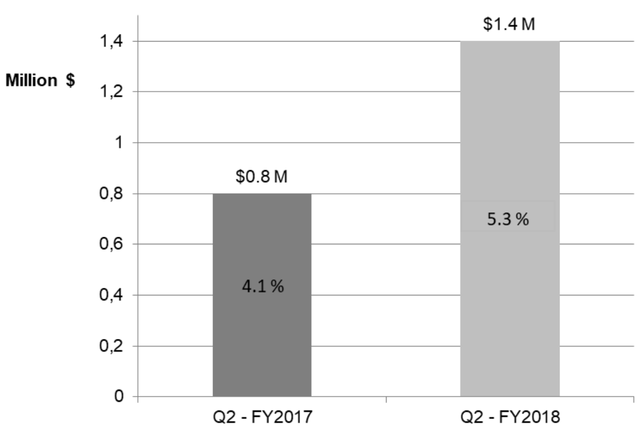
	Three-month periods ended December 31,		**Six-month periods ended December 31,**	
	2017	2016	**2017**	2016 (adjusted)
	$	$	**$**	$
Net loss for the period	**(1,340,441)**	(1,093,270)	**(2,430,316)**	(2,042,429)
Finance costs – net	**473,369**	321,870	**824,575**	656,295
Income taxes	**1,176,701**	(88,127)	**1,038,716**	(391,593)
Depreciation of property, plant and equipment	**242,978**	181,436	**550,208**	356,464
Amortization of intangible assets	**674,552**	837,666	**1,365,669**	1,368,595
Unrealized exchange (gains) / losses	**25,367**	135,467	**(73,134)**	177,868
Acquisition and integration costs	**-**	347,124	**80,875**	1,020,829
Stock-based compensation costs	**105,755**	167,459	**226,387**	292,611
Net loss on bank fraud	**-**	-	**363,364**	-
Adjusted EBITDA	**1,358,281**	809,625	**1,946,344**	1,438,640

Net Loss



- The net loss increased by $0.2 M, or 22.6%, to reach ($1.3 M) during the second quarter of fiscal year 2018, from a net loss of ($1.1 M) for the comparable quarter of the previous fiscal year;
- The net loss is significantly impacted by the Tax Cuts and Jobs Act, a tax legislation reducing the federal tax rate enacted by the U.S. government during the second quarter of fiscal year 2018, leading to an additional deferred tax expense of $1.1 M for this quarter. Without the $1.1 M impact from the new U.S. tax legislation, net loss would have been ($0.2 M);
- Net loss improvement, before tax adjustment explained above, is mostly due to:
  - Sales volume increase;
  - Business mix that leaded to better gross margin before depreciation and amortization
  - Tight management of expenses;
- The net loss is also impacted by the foreign exchange, as most of the revenues are in U.S. dollars, whereas the administrative expenses are mostly incurred in Canadian dollars. The Canadian dollar appreciation noticed during the quarter affected negatively the net results of the Corporation compared to the same quarter of the previous fiscal year.

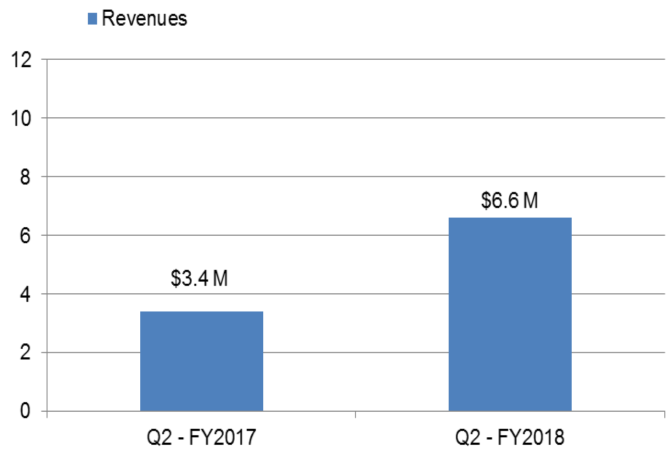
Adjusted EBITDA



- Adjusted EBITDA increased by $0.6 M, or 67.8%, to reach $1.4 M during the second quarter of fiscal year 2018, from $0.8 M for the comparable quarter of fiscal year 2017;
- Adjusted EBITDA improvement is mostly due to a significant increase in revenues for the Projects and the SP&S business lines;
- Noticeable increase of the adjusted EBITDA over revenues ratio, reaching 5.3% for the three-month period ended December 31, 2017, compared to 4.1% for the comparable period of the previous fiscal year;
- Improvement of the adjusted EBITDA driven by a decrease of the selling, general and administrative expenses (SG&A) as a percentage over revenues.

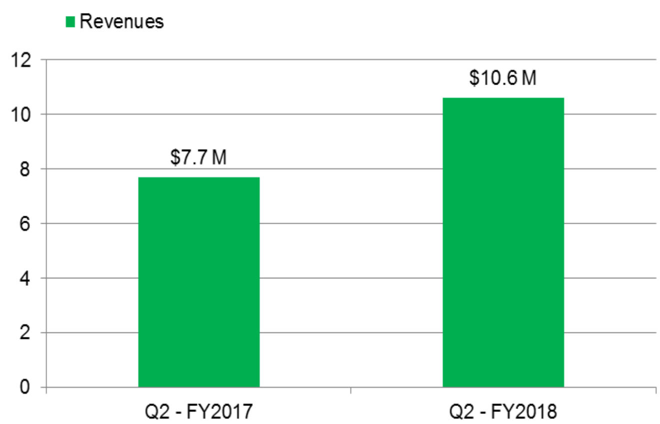
Revenues for the second quarter of fiscal year 2018 increased by $5.9 M or 29.4%, to reach $25.8 M compared to $19.9 M for the second quarter of the previous fiscal year. This increase is fueled by the organic growth of the Projects and Specialty, Products and Services (SP&S) business pillars. The Projects business pillar is currently regaining speed after a slowdown in specific projects, which impacted last fiscal year's financial results. More projects are reaching the revenue recognition phase for this quarter compared to the same quarter of fiscal year 2017. SP&S results have been bolstered by the Maple business line, which is showing a faster growth with record results quarter after quarter. The following tables are illustrating the revenues coming from the business pillars.

Projects Business Pillar



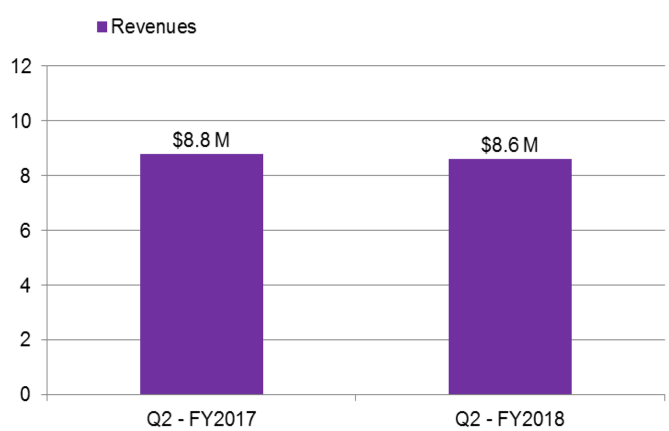
- Projects revenues stood at $6.6 M for the second quarter of fiscal year 2018, compared with $3.4 M for the same quarter of fiscal year 2017, representing a 90.9% increase;
- Delayed projects, which led to a slowdown of the Corporation's financial results in fiscal year 2017, are now entering into revenue recognition phase;
- Better portfolio diversification between water and wastewater projects: 34.0% of the projects being wastewater as of December 31, 2017, compared to 16.7% as of December 31, 2016. The wastewater projects are usually characterized by a better gross margin;
- Projects backlog temporarily decreased at $51.9 M as of December 31, 2017, compared to $54.3 M as of December 31, 2016. As of February 7, 2018, the backlog stood at $56.1 M, following the addition of two flagship industrial projects.

SP&S Business Pillar



- 37.6% increase in SP&S revenues, reaching $10.6 M for the quarter ended December 31, 2017, from $7.7 M for the comparable quarter of the previous fiscal year;
- Investments have been made in the operating and selling functions to support and fuel the growth of this business line;
- Constant investments in new products and addition of new distributors, to broaden the existing market and improve the products offering;
- First significant project signed for the filter housing product line, to position ourselves and obtain references;
- Record sales for the Maple business line, as activities are ramping up to the Maple season.

O&M Business Pillar

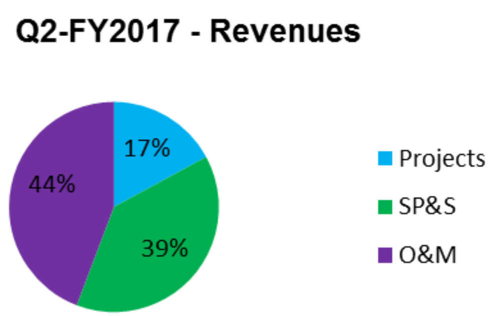


- Recurring revenues of $8.6 M for the second quarter of fiscal year 2018, compared with revenues of $8.8 M for the comparable three-month period of fiscal year 2017, representing a 2.0% decrease;
- Negative impact of $0.4 M due to the appreciation of the Canadian dollar over US dollar. Organic growth is 2.9% in US dollar;
- Notwithstanding the foreign exchange impact, the O&M business pillar is showing a steady growth since the acquisition of Utility Partners, and is signing new contracts, as reflected in the backlog. For the O&M business pillar, the backlog is converting in revenues steadily over the period of the contract;
- Backlog for O&M business line stands at $64.2 M as at December 31, 2017, and consists of long-term contracts, mainly with municipalities, which contain multi-year renewal options. Backlog as at December 31, 2016 stood at $54.9 M, representing a 16,9% increase over a twelve-month period;
- All contracts expiring during the year following the acquisition have been renewed successfully. Five new O&M contracts have been added since the acquisition of Utility Partners, showing a successful integration and sustained organic growth;
- Large-scale operation and maintenance contract won in Western Canada, representing the first contract for this business line in Canada. This contract will translate into revenues starting in the third quarter.

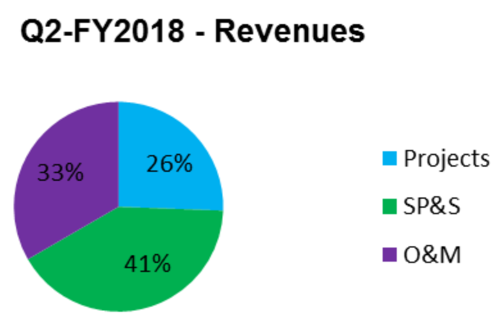
Revenues on a Quarterly Basis

	FY2018		FY2017				Last twelve months	Previous twelve months
	Q1	**Q2**	Q1 (adjusted)[2]	Q2	Q3	Q4	**(Q3, Q4 FY2017 & Q1, Q2 FY2018)**	(Q3, Q4 FY2016 & Q1, Q2 FY2017)
Revenues from Projects business pillar[3]	**$8.2 M**	**$6.6 M**	$5.4 M	$3.4 M	$4.0 M	$7.2 M	**$26.0 M**	$18.7 M
Revenues from SP&S business pillar	**$6.0 M**	**$10.6 M**	$5.9 M	$7.7 M	$8.6 M	$7.3 M	**$32.5 M**	$28.9 M
Revenues from O&M business pillar	**$8.4 M**	**$8.6 M**	$6.2 M (adjusted)[2]	$8.8 M	$8.7 M	$9.6 M	**$35.3 M**	$15.0 M (adjusted)[2]
Total revenues	**$22.6 M**	**$25.8 M**	$17.5 M (adjusted)[2]	$19.9 M	$21.3 M	$24.1 M	**$93.8 M**	$62.6 M (adjusted)[2]

Business mix on revenues and growth strategies



$19.9 M



$25.8 M

The business model is getting stronger, and the Corporation is able to identify the benefits of it through its three (3) business pillars. H_2O Innovation has captured multiple cross-selling opportunities between O&M and SP&S business pillars, generated by Utility Partners' existing contracts. The Corporation, through Utility Partners, has secured new O&M projects, using the support of the Projects and SP&S resources.

New territories are opening to the O&M business line, with contracts won in Western Canada and Texas. These are potentially high growth territories, where the O&M activities were not yet established. This will also develop the synergies with the Projects and SP&S business pillars, as they are already active on these geographic markets. New contracts have also been won in the State of New-York, with the Corporation providing both the MBR wastewater equipment and O&M services to the same plants.

With three strong business pillars, the Corporation is very well balanced and not dependant on a single source of revenues. As revenues coming from the SP&S and O&M business pillars are recurring in nature, the strategy to grow these two business pillars has proven to be efficient since it minimizes the impact of revenue volatility associated with the Projects business pillar and thus increases predictability in the Corporation's business model.

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[2] During the year-end audit, the acquisition of Utility Partners has been considered effective as of July 26, 2016 (instead of July 1, 2016). Therefore, the revenues of the first quarter of fiscal year 2017 have been adjusted accordingly and only 2 months of Utility Partners' operations are recorded in revenues for Q1 2017.

[3] Revenues from Projects vary from quarter to quarter and depend on the different milestones reached for revenues recognition.

For the second quarter ended December 31, 2017, these recurring revenues represent 74.5% of the Corporation's total revenues. The SP&S and O&M activities also reinforce long-term relationships with Projects customers, which support the decision to invest in business development and growth for these pillars. The Corporation has a platform to capture cross-selling opportunities, where one pillar will feed the others. All together, these three business pillars provide a unique and accountable business model to better serve our existing and future customers.

At the end of the second quarter of fiscal year 2018, the consolidated backlog stood at $116.1 M compared to $109.2 M in the same quarter of the previous fiscal year and is showing a 6.3% organic growth. The acquisition of Utility Partners during the first quarter of fiscal year 2017 boosted the backlog, and the Corporation was able to secure new O&M and Projects contracts, reinforcing the design-build-operate ("DBO") model. The business model developed over the past years is also translating into a healthy backlog, well balanced between O&M contracts and Projects contracts.

EXPENSES

For the three-month periods ended December 31, 2017 and 2016

	Q2 FY2018[4]	Q2 FY2017[4]	Variance	Significant contributions to variance
Gross Profit Margin before depreciation and amortization	**$6.2 M** 24.1%	**$4.8 M** 24.2%	**+ $1.4 M**	The increase in the gross profit margin before depreciation and amortization is explained by the increase in revenue level, with all the business lines showing revenue increase for this quarter ended December 31, 2017, compared to the previous comparable quarter. The ratio of gross profit margin before depreciation and amortization over revenues remained stable.
Operating Expenses	**$1.0 M** 3.9%	**$0.5 M** 2.4%	**+ $0.5 M**	This increase of $0.5 M is due to a reclass of the expenses of Utility Partners, from the administrative expenses to the operating ($0.2 M). This classification was not performed during the second quarter of fiscal year 2017. The remaining balance of the increase is due to the hirings for the development of new products and investments to improve our logistic and supply chain activities and to support the increasing volume of operations.
Selling Expenses	**$2.2 M** 8.6%	**$1.6 M** 8.1%	**+ $0.6 M**	Selling expenses are linked to bookings and revenues, but do not fluctuate proportionally. The $0.6 M, or 37.3% increase of the selling expenses is mostly due to a reclass of the expenses of Utility Partners, from the administrative expenses to the selling expenses ($0.3 M). This classification was not performed during the second quarter of fiscal year 2017. The remaining balance of the increase is in line with the increase of revenues, generating more commissions. Selling expenses were also impacted by the addition of sales resources to develop new geographic markets and support our future growth.
Administrative Expenses	**$1.6 M** 6.3%	**$2.1 M** 10.7%	**- $0.5 M**	The decrease of $0.5 M or 23.8% is due to a reclass of the expenses of Utility Partners, from the administrative expenses to the operating ($0.2 M) and selling expenses ($0.3 M). This classification was not performed during the second quarter of fiscal year 2017, following the acquisition.
SG&A[5]	**$4.9 M** 18.8%	**$4.2 M** 21.2%	**+ $0.6 M**	This decrease in percentage of SG&A over revenues is mostly attributable to the increase of the overall revenues without impacting proportionally the selling, operating and administrative expenses.

[4] Percentage (%) of expenses over revenues.
[5] Selling, General & Administrative Expenses (SG&A) represent the total of the operating, selling and administrative expenses described in the table above.

Other losses – net

Other losses – net were stable, amounting to $0.1 M for the three-month periods ended December 31, 2017 and December 31, 2016. Other losses consist mainly of foreign exchange loss coming from operation in foreign currency.

Other losses – net also include unrealized exchange loss of $25,366 for the period ended December 31, 2017 compared to a loss of $135,467 for the quarter ended December 31, 2016.

Finance costs – net

Finance costs – net increased, reaching $0.5 M for the period ended December 31, 2017 compared to $0.3 M for the comparable period in the previous fiscal year. Of this amount, $19,955 represents the theoretical and non-monetary part of interest on long-term debt. The increase is attributable to the increase of the long-term debt, as well as an increased use of the bank loan, to finance the operations of the Corporation. In order to mitigate its credit risk and mainly increase its bank loans usage capacity, the Corporation insures a part of its accounts receivable through the insurance coverage of Exportation and Development Canada ("EDC"). The Corporation has given direction to pay all insurance proceeds to the bank. The insurance premiums are recorded in finance costs.

Net loss

The net loss amounted to ($1.3 M) or ($0.033) per share for the second quarter of fiscal year 2018 compared with a net loss of ($1.1 M) or ($0.027) per share for the second quarter of fiscal year 2017. The net loss is mostly caused by new tax legislation from the U.S. government. During the second quarter of fiscal year 2018, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, reducing the U.S. federal corporate tax rate from 35 to 21 percent. This is the only significant change impacting the Corporation, with a $1.1 M negative impact on the net loss.

Without the $1.1 M impact from the new U.S. tax legislation, the net loss would have been ($0.2 M). Net loss improvement, before tax adjustment explained above, is mostly due to sales volume increase, business mix that leads to better gross margin before depreciation and amortization and tight management of expenses.

Commitments

The Corporation has entered into long-term lease agreements expiring between 2018 and 2024 which call for lease payments of $7.0 M for the rental of space and supply agreements. The minimum annual payments over the next five years are $1.9 M in 2018, $1.4 M in 2019, $1.4 M in 2020, $1.1 M in 2021 and $0.9 M in 2022.

Information on share capital

As at December 31, 2017, the Corporation had 40,144,214 outstanding common shares and 2,565,334 stock options.

FINANCIAL SITUATION

Periods ended	December 31, 2017	September 30, 2017	June 30, 2017
	$	$	$
Revenues (LTM[6] basis)	**93,759,454**	87,898,356	82,764,508
Accounts receivable	**17,079,683**	16,206,936	13,210,475
Accounts payable	**11,596,013**	14,203,226	12,683,815
Inventories	**6,202,543**	6,140,510	4,917,592

As at December 31, 2017 accounts receivable stood at $17.1 M compared with $13.2 M as at June 30, 2017. The increase of $3.9 M, or 29.3%, is partly attributable to invoicing milestone reached in Projects before the end of the period and the increase in revenue level during the quarter. The significant increase in accounts receivable explains partially the increase in bank loans, as there is a delay between the cash receipts and the use for operations.

Inventories increased by $1.3 M, or 26.1%, to reach $6.2 M as at December 31, 2017, from $4.9 M as at June 30, 2017. This increase is due to finished goods manufactured during the summer in preparation for the start of the maple syrup production season. In addition, finished goods have also increased due to the manufacturing of specialty chemicals to build a higher level of inventories to better respond to demand from customers and expedite deliveries. The increase in inventory level also has an impact on the use of the bank loans, as the Corporation need to build up the inventory.

Costs incurred in excess of billings decreased by $0.5 M, or 9.0%, to $5.1 M as at December 31, 2017 from $5.6 M as at June 30, 2017, generated by differences between project advancement and project invoicing schedules from one project to the other. Billings in excess of costs incurred increased by $1.4 M, or 119.0% to $2.6 M as at December 31, 2017, from $1.2 M as at June 30, 2017. This increase is also attributable to differences between project advancement and project invoicing schedules.

Accounts payable and accrued liabilities decreased by $1.1 M, or 8.6%, to $11.6 M as at December 31, 2017, from $12.7 M as at June 30, 2017. The decrease is mainly due to the timing of the projects for the period ended December 31, 2017, compared with the period ended June 30, 2017, during which some projects have reached the manufacturing stage, as the equipment is being assembled and for which suppliers are involved. The decrease in accounts payable has an impact on the use of the bank loans, as we are meeting the suppliers' payments terms while waiting on the customers' accounts to translate into cash.

As a result, the working capital decreased from $9.0 M as at June 30, 2017 (current ratio of 1.42) to $8.0 M as at December 31, 2017 (current ratio of 1.31).

Periods ended (in Canadian dollars, except for ratio)	**December 31, 2017**	**June 30, 2017**
	$	$
Working capital	**8,009,476**	8,992,616
Working capital ratio	**1.31**	1.42
Net debt[7]	**15,633,118**	12,591,229
Equity	**39,670,860**	43,302,884
Net debt to equity ratio	**0.39**	0.29

For the six-month period ended December 31, 2017, shareholders' equity decreased by $3.6 M to $39.7 M ($43.3 M as at June 30, 2017). The elements impacting the shareholders' equity in the second quarter of fiscal year 2018 are: 1) the $0.2 M increase in stock option due to the stock-based compensation costs; 2) the $2.4 M net loss for the six-month period ended December 31, 2017 and; 3) the Canadian dollar's appreciation generating an unrealized exchange loss of $1.5 M resulting from the currency translation of foreign operations, mainly those of the U.S. subsidiaries.

[6] Revenues presented on a last twelve months basis
[7] Net debt comprises bank overdraft, bank loans and long-term debt, net of cash and cash equivalents and a guaranteed deposit certificate securing the debt.

Net Debt

The definition of net debt consists of bank overdraft, bank loans and long-term debt less cash and cash equivalents. The reader can establish the link between net debt and debt based on the reconciliation presented below. The definition of net debt used by the Corporation may differ from those used by other companies.

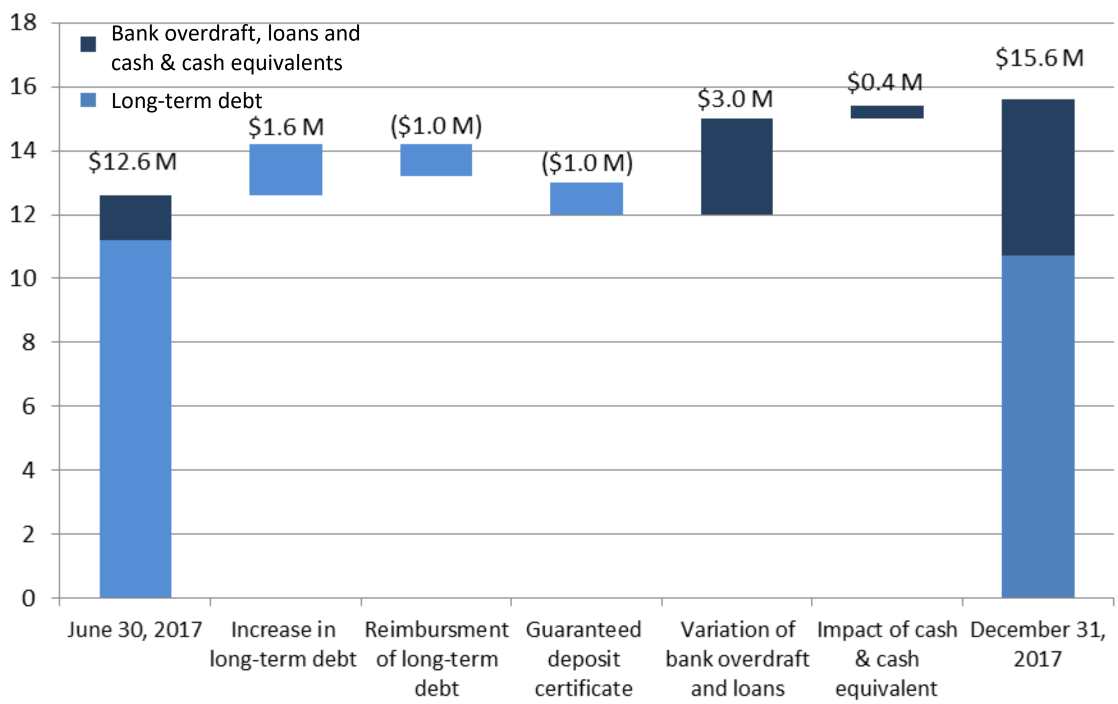
Even though net debt is a non-IFRS measure, it is used by management, analysts, investors and other financial stakeholders to assess the Corporation's capital management.

Periods ended	December 31, 2017	June 30, 2017
	$	$
Bank overdraft	**320,827**	184,120
Bank loans	**7,976,658**	5,092,607
Current portion of long-term debt	**3,133,900**	2,036,151
Long-term debt	**8,575,222**	9,148,953
Less: Cash and cash equivalents	**(3,373,489)**	(3,870,603)
Less: Guaranteed deposit certificate	**(1,000,000)**	-
Net debt	**15,633,118**	12,591,229

During this quarter, a loan of $1.0 M was contracted by the Corporation, which is secured by a guaranteed deposit certificate of the same amount. At the expiration date of the guaranteed deposit certificate, the bank will use the cash from the collateral to reimburse the loan in its entirety. Considering that, management has elected to remove from the net debt calculation the specific guaranteed deposit certificate securing the loan of $1.0 M.

The net debt increased to reach $15.6 M as at December 31, 2017, from $12.6 M as at June 30, 2017. This increase is mainly attributable to the increase of the bank loans of $2.9 M. The bank loans were used by the Corporation to support the Projects business pillar, with significant projects being in the manufacturing phases and the investment in inventories and in capital expenditure for the period. The liquidity was also affected by the financial loss caused by a fraud perpetrated by an external party during the first quarter of fiscal year 2018.

Movement in Net Debt



OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2017, the Corporation had off-balance sheet arrangements consisting of letters of credit amounting to \$1.4 M which expire at various dates through fiscal year 2022. In these letters of credit, \$1.4 M is secured by Exportation Development Canada ("EDC").

CAPITAL MANAGEMENT

The Corporation's objective in managing capital is to ensure sufficient liquidity to pursue its growth while at the same time taking a prudent approach towards financial leverage and risks.

The Corporation's capital is composed of net debt and shareholders' equity. Net debt consists of interest-bearing debt less cash. The Corporation's primary uses of capital are to finance increases in non-cash working capital and capital expenditures for capacity expansion and integration.

The Corporation monitors its performance through different ratios such as those required under its credit facilities and long-term debt arrangements.

Credit facilities and long-term debt arrangements require that the Corporation meet the following financial ratios:

- Working capital ratio, defined as current assets divided by current liabilities, greater than or equal to 1.25:1.00;
- Debt-to-equity ratio, defined as total debt excluding deferred taxes divided by equity, less than or equal to 3.25:1.00; and
- Fixed charge coverage ratio, including all capital and interest payments on borrowings due and capital expenditures, as defined, greater than or equal to 1.00:1.00.

As at December 31, 2017, the Corporation was in compliance with the ratios required under its credit facilities and long-term debt arrangements, except for the fixed charge coverage for which it received a waiver from the lenders. The Corporation is in negotiation with its lenders to revise the covenants under the credit facilities.

CASH FLOWS AND CAPITAL EXPENDITURE

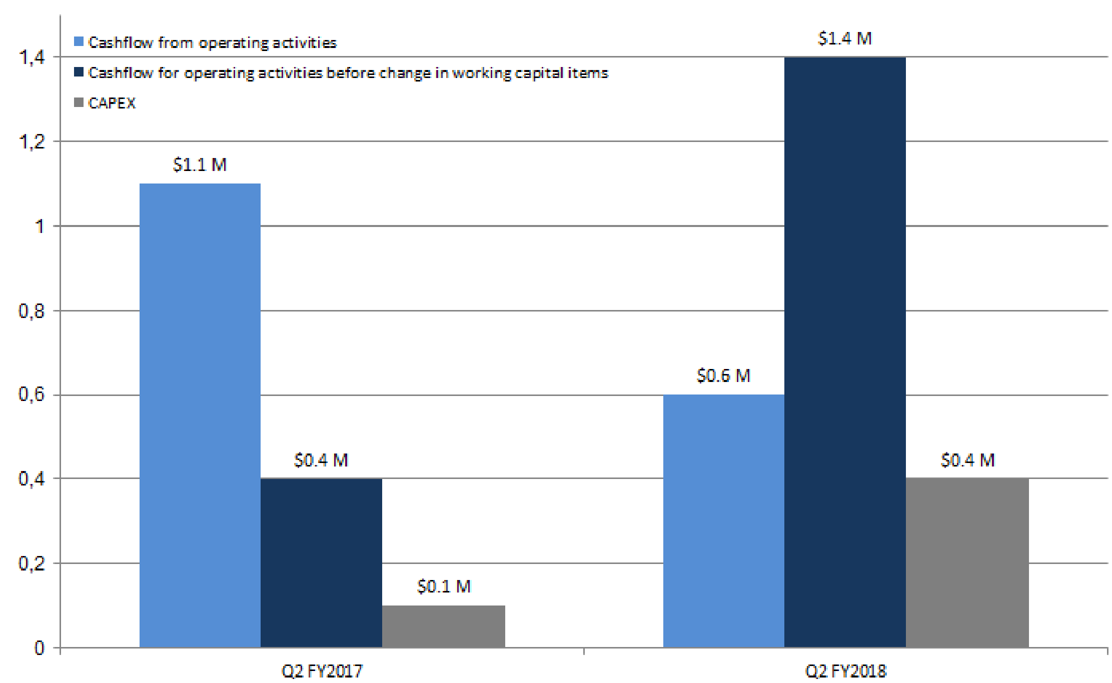
A comparison of the Corporation's cash flows for the three-month and six-month periods ended December 31, 2017 and December 31, 2016 is presented below:

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2017	**2016**	**2017**	2016
	$	$	**$**	$
Cash flows from operating activities	**615,871**	1,083,117	**(2,358,823)**	(578,681)
Cash flows from investing activities	**(341,746)**	(1,389,569)	**(771,048)**	(25,544,503)
Cash flows from financing activities	**157,498**	(1,168,577)	**2,619,051**	28,995,505
Effect of exchange rate changes on the balance of cash held in foreign currencies	**510**	(135,406)	**(123,001)**	35,787
Net change	**432,133**	(1,610,435)	**(633,821)**	2,908,108
Cash and cash equivalents – Beginning of year	**2,620,529**	7,050,205	**3,686,483**	2,531,662
Cash and cash equivalents – End of year	**3,052,662**	5,439,770	**3,052,662**	5,439,770

Cash flows from operating activities

Operating activities generated $0.6 M in cash for the three-month period ended December 31, 2017, compared to $1.1 M for the comparable quarter ended December 31, 2016. This decrease is due to the variation in working capital items, such as:

- Higher volume of activities during this quarter compared to the second quarter of fiscal year 2017 ;
- Increase of level of finished goods inventory to meet the growing demands;
- A timing difference within the projects production phases affecting the invoicing milestones reached.



Cash flows from investing activities

For the second quarter of fiscal year 2018, investing activities used net cash of ($0.3 M), compared to ($1.4 M) used in investing activities for the comparable period of the previous fiscal year. This year investments are mainly attributable to the acquisition of property, plant and equipment of $0.4 M and to a lesser extent to investments in intangible assets of $0.1 M. The significant level of cash used in investing activities for the comparable period is mainly attributable to the business combination of Utility Partners in fiscal year 2017 and the related working cash adjustment paid for the acquisition.

Cash flows from financing activities

Financing activities generated net cash of $0.2 M in the second quarter of fiscal year 2018 compared with ($1.2 M) of net cash used during the corresponding period ended December 31, 2016. During this quarter, the Corporation contracted $1.2 M of long-term debt and reimbursed $0.5 M of long-term debt. The bank loans remained stable during the quarter, with a $2.9 M increase for the six-month period ended December 31, 2017. Interest paid during the second quarter of fiscal year 2018 amounted to $0.5 M.

QUARTERLY SUMMARY FINANCIAL INFORMATION (UNAUDITED)

	Three-month periods ended				
	December 31, 2017	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**	**Last twelve months**
	$	$	$	$	**$**
Revenues	**25,818,929**	**22,617,998**	**24,037,884**	**21,284,643**	**93,759,454**
Adjusted EBITDA	**1,358,281**	**588,063**	**(20,486)**	**411,737**	**2,337,595**
Adjusted EBITDA over revenues	**5.3%**	**2.6%**	**(0.08%)**	**1.9%**	**2.50%**
Net loss	**(1,340,441)**	**(1,089,875)**	**(1,742,862)**	**(1,345,695)**	**(5,518,873)**
Basic and diluted loss per share	**(0.033)**	**(0.027)**	**(0.045)**	**(0.034)**	**(0.14)**
Cash flows from (used in) operating activities	**615,871**	**(2,974,694)**	**3,521,086**	**(1,135,127)**	**27,136**

	Three-month periods ended				
	December 31, 2016	**September 30, 2016** (adjusted)	**June 30, 2016**	**March 31, 2016**	**Last twelve months**
	$	$	$	$	**$**
Revenues	19,957,831	17,484,150	11,042,913	14,199,860	62,684,754
Adjusted EBITDA	809,625	629,015	157,330	1,245,324	2,841,294
Adjusted EBITDA over revenues	4.1%	3.6%	1.4%	8.8%	4.5%
Net earnings (loss)	(1,093,270)	(949,159)	(714,003)	646,422	(2,110,010)
Basic and diluted gain (loss) per share	(0.027)	(0.024)	(0.034)	0.031	(0.05)
Cash flows from (used in) operating activities	1,083,117	(1,661,798)	3,045,440	(318,078)	2,148,681

In the above table, the significant growth of the Corporation and the scalability of business model over the past years are reflected on a last twelve months period basis. Revenues for the last twelve months show an increase of 49.6% compared to the previous twelve months period, evidenced of the organic and acquisition growth and constant efforts on improving the sales for all the business lines.

ACCOUNTING POLICIES

The reader is invited to refer to the summary of significant accounting policies presented in note 3 to the consolidated financial statements as at June 30, 2017.

CONTROLS AND PROCEDURES

In compliance with the Canadian Securities Administrators' National Instrument 52-109 ("NI 52-109"), the Corporation has filed certificates signed by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") that, among other things, report on the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

Disclosure controls and procedures

The CEO and CFO have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Corporation has been made known to them; and
- information required to be disclosed in the Corporation's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation was carried out, under the supervision of the CEO and the CFO of the effectiveness of the Corporation's disclosure controls and procedures. Following such evaluation, the management concluded that one of the disclosure controls and procedures was not effective by using the criteria set forth by NI 52-109, as further explained in the paragraph below.

Internal controls over financial reporting

The CEO and the CFO have also designed internal controls over financial reporting, or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The internal controls over financial reporting are designed using the criteria set forth by the *Committee of Sponsoring Organizations of the Treadway Commission 2013* (COSO 2013) on Internal Control – Integrated Framework. The work performed allows us to conclude that the internal controls over financial reporting are effective for the period ended December 31, 2017.

Changes in internal controls over financial reporting

During the year, the Corporation did not make any modifications to the internal controls over financial reporting that had or could reasonably be expected to have a significant impact on the internal controls over financial reporting.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

December 31, 2017

The condensed interim consolidated financial statements which are included in this report have not been subject to a review by the Corporation's external auditors.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)

As at	December 31, 2017	June 30, 2017
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**3,373,489**	3,870,603
Guaranteed deposit certificates	**1,310,939**	1,371,591
Accounts receivable (note 4)	**17,079,683**	13,210,475
Inventories (note 5)	**6,202,543**	4,917,592
Costs incurred in excess of billings	**5,063,962**	5,567,267
Prepaid expenses	**783,898**	1,449,007
	33,814,514	30,386,535
Non-current assets		
Property, plant and equipment	**4,308,420**	4,167,162
Intangible assets	**18,728,190**	20,419,906
Other assets	**409,950**	563,564
Related party loans receivable (note 16 a)	**1,250,000**	1,250,000
Goodwill (note 3)	**13,824,656**	14,300,722
Deferred income tax assets	**2,084,790**	3,082,941
	74,420,520	74,170,830
LIABILITIES		
Current liabilities		
Bank overdraft	**320,827**	184,120
Bank loans (note 6)	**7,976,658**	5,092,607
Accounts payable and accrued liabilities (note 7)	**11,596,013**	12,683,815
Provisions (note 8)	**120,625**	151,718
Billings in excess of costs incurred	**2,608,393**	1,190,909
Income taxes payable	**48,621**	53,930
Deferred rent	**-**	668
Contingent consideration (note 10)	**224,937**	-
Current portion of long-term debt (note 9)	**3,133,900**	2,036,151
	26,029,974	21,393,918
Non-current liabilities		
Long-term debt (note 9)	**8,575,222**	9,148,953
Deferred rent	**144,464**	92,392
Contingent consideration (note 10)	**-**	232,683
	34,749,660	30,867,946
SHAREHOLDERS' EQUITY		
Share capital (note 11)	**76,918,285**	76,918,285
Reserve - Stock options (note 11)	**2,730,292**	2,503,905
Deficit	**(40,729,745)**	(38,299,429)
Accumulated other comprehensive income	**752,028**	2,180,123
	39,670,860	43,302,884
	74,420,520	74,170,830

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

On behalf of the Board,

Frédéric Dugré
President and Chief Executive Officer

Philippe Gervais
Chairman of the Board of Directors

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the six-month periods ended December 31, 2017 and 2016
(Unaudited)

	Common shares (Number) (note 11)	Share capital (note 11)	Stock option (note 11)	Deficit	Accumulated other comprehensive income (loss) – Translation adjustment	Total
		$	$	$	$	$
Balance as at July 1, 2016	20,926,551	55,298,945	1,876,379	(33,168,443)	2,587,297	26,594,178
Issuance of common shares under private placement (notes 3 and 11)	19,217,663	23,061,196	-	-	-	23,061,196
Share issue expenses (notes 3 and 11)	-	(1,441,856)	-	-	-	(1,441,856)
Stock-based compensation costs (note 11)	-	-	292,611	-	-	292,611
Net loss for the period (Adjusted, note 3)	-	-	-	(2,042,429)	-	(2,042,429)
Other comprehensive income – Currency translation adjustments	-	-	-	-	1,207,734	1,207,734
Balance as at December 31, 2016 (Adjusted, note 3)	40,144,214	76,918,285	2,168,990	(35,210,872)	3,795,031	47,671,434
Balance as at July 1, 2017	**40,144,214**	**76,918,285**	**2,503,905**	**(38,299,429)**	**2,180,123**	**43,302,884**
Stock-based compensation costs (note 11)	**-**	**-**	**226,387**	**-**	**-**	**226,387**
Net loss for the period	**-**	**-**	**-**	**(2,430,316)**	**-**	**(2,430,316)**
Other comprehensive loss – Currency translation adjustments	**-**	**-**	**-**	**-**	**(1,428,095)**	**(1,428,095)**
Balance as at December 31, 2017	**40,144,214**	**76,918,285**	**2,730,292**	**(40,729,745)**	**752,028**	**39,670,860**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

H_2O INNOVATION INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS

For the three-month and six-month periods ended December 31, 2017 and 2016
(Unaudited)

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2017	2016	**2017**	2016 (adjusted, note 3)
	$	$	**$**	$
Revenues (note 15)	**25,818,929**	19,957,831	**48,436,927**	37,441,981
Cost of goods sold (note 12 a)	**19,605,909**	15,123,392	**37,769,521**	28,316,317
Gross profit before depreciation and amortization	**6,213,020**	4,834,439	**10,667,406**	9,125,664
Operating expenses (note 12 a)	**1,009,008**	486,003	**1,886,393**	924,407
Selling expenses (note 12 a)	**2,217,535**	1,615,633	**3,855,748**	3,211,524
Administrative expenses (note 12 a)	**1,625,073**	2,132,083	**3,102,683**	3,820,501
Research and development expenses (note 12 c)	**170**	33,872	**8,685**	115,244
Depreciation of property, plant and equipment (note 12 b)	**242,978**	181,436	**550,208**	356,464
Amortization of intangible assets (note 12 b)	**674,552**	837,666	**1,365,669**	1,368,595
Other losses – net (note 12 d)	**134,075**	60,149	**384,170**	85,827
Operating costs total	**5,903,391**	5,346,842	**11,153,556**	9,882,562
Operating earnings (loss)	**309,629**	(512,403)	**(486,150)**	(756,898)
Acquisition-related costs and integration costs (note 3)	**-**	347,124	**80,875**	1,020,829
Finance income (note 16 a)	**(11,066)**	(19,468)	**(20,883)**	(21,927)
Finance costs	**484,435**	341,338	**845,458**	678,222
Finance costs – net	**473,369**	321,870	**824,575**	656,295
	473,369	668,994	**905,450**	1,677,124
Loss before income taxes	**(163,740)**	(1,181,397)	**(1,391,600)**	(2,434,022)
Current income tax expense	**110**	-	**124,860**	11,712
Deferred tax expense (benefit)	**1,176,591**	(88,127)	**913,856**	(403,305)
	1,176,701	(88,127)	**1,038,716**	(391,593)
Net loss for the period	**(1,340,441)**	(1,093,270)	**(2,430,316)**	(2,042,429)
Net loss per share				
Basic and diluted loss per share	**(0.033)**	(0.027)	**(0.061)**	(0.069)
Weighted average number of basic and diluted shares outstanding (note 13)	**40,144,214**	40,144,214	**40,144,214**	29,410,543

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the three-month and six-month periods ended December 31, 2017 and 2016

(Unaudited)

	Three-month periods ended December 31,		**Six-month periods ended December 31,**	
	2017	2016	**2017**	2016 (adjusted, note 3)
	$	$	**$**	$
Net loss for the period	**(1,340,441)**	(1,093,270)	**(2,430,316)**	(2,042,429)
Other comprehensive income (loss) – Items that may be reclassified subsequently to net earnings				
Currency translation adjustments	**228,394**	647,107	**(1,428,095)**	1,207,734
Comprehensive loss for the period	**(1,112,047)**	(446,163)	**(3,858,411)**	(834,695)

These accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three-month and six-month periods ended December 31, 2017 and 2016
(Unaudited)

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2017	2016	**2017**	2016 (Adjusted, note 3)
	$	$	**$**	$
Cash flows from operating activities				
Loss before income taxes for the period	**(163,740)**	(1,181,397)	**(1,391,600)**	(2,434,022)
Non-cash items				
Finance costs – net	**473,369**	321,870	**824,575**	656,295
Depreciation of property, plant and equipment	**242,978**	181,436	**550,208**	356,464
Amortization of intangible assets	**674,552**	837,666	**1,365,669**	1,368,595
Unrealized exchange (gain) loss on long-term debt	**9,573**	50,277	**(56,367)**	84,497
Deferred rent	**12,558**	(5,704)	**53,359**	(11,339)
Stock-based compensation	**105,755**	167,459	**226,387**	292,611
	1,355,045	371,607	**1,572,231**	313,101
Change in working capital items (note 14 a)	**(735,276)**	692,053	**(3,824,486)**	(912,777)
Cash generated by (used in) operations	**619,769**	1,063,660	**(2,252,255)**	(599,676)
Interests received	**11,066**	19,468	**20,883**	21,927
Income taxes paid	**(14,964)**	(11)	**(127,451)**	(932)
Net cash generated by (used in) operating activities	**615,871**	1,083,117	**(2,358,823)**	(578,681)
Cash flows from investing activities				
Variation of guaranteed deposits certificates	**(2,144)**	(2,562)	**58,837**	(5,016)
Variation of cash in trust (note 3)	**-**	1,250,000	**-**	-
Variation of other assets	**138,688**	(16)	**138,688**	2,525
Business combination (note 3)	**-**	(1,075,373)	**-**	(23,577,626)
Related party loans receivable (note 16 a)	**-**	(1,250,000)	**-**	(1,250,000)
Acquisition of property, plant and equipment	**(365,234)**	(102,702)	**(744,831)**	(347,659)
Acquisition of intangible assets	**(113,056)**	(208,916)	**(223,742)**	(366,727)
Net cash used in investing activities	**(341,746)**	(1,389,569)	**(771,048)**	(25,544,503)
Cash flows from financing activities				
Variation of bank loans	**28,602**	(448,146)	**2,884,051**	(1,138,254)
Long-term debt reimbursement	**(546,946)**	(385,059)	**(1,039,927)**	(695,472)
Long-term debt contracted (note 9)	**1,150,700**	-	**1,600,786**	10,041,720
Interest paid	**(474,858)**	(335,372)	**(825,859)**	(667,208)
Financing costs (note 9)	**-**	-	**-**	(164,621)
Issuance of common shares under private placement (note 11)	**-**	-	**-**	23,061,196
Share issue expense (note 11)	**-**	-	**-**	(1,441,856)
Net cash generated by (used in) financing activities	**157,498**	(1,168,577)	**2,619,051**	28,995,505
Net change in cash and cash equivalents	**431,623**	(1,475,029)	**(510,820)**	2,872,321
Effect of exchange rate changes on the balance of cash held in foreign currencies	**510**	(135,406)	**(123,001)**	35,787
Increase (decrease) in cash and cash equivalents	**432,133**	(1,610,435)	**(633,821)**	2,908,108
Cash and cash equivalents - Beginning of period (note 14 b)	**2,620,529**	7,050,205	**3,686,483**	2,531,662
Cash and cash equivalents - End of period (note 14 b)	**3,052,662**	5,439,770	**3,052,662**	5,439,770

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Description of Business

H_2O Innovation Inc. ("H_2O Innovation" or the "Corporation") is incorporated under the *Canada Business Corporations Act*. The Corporation designs and provides state-of-the-art, custom-built, and integrated water treatment solutions based on membrane filtration technology for municipal, energy and natural resources end-users. The Corporation's activities rely on three pillars which are: i) water and wastewater projects; ii) specialty products and services, including a complete line of specialty chemicals, consumables, and specialized products for the water treatment industry as well as control and monitoring systems; and iii) operation and maintenance services for water and wastewater treatment systems. The head office of the Corporation is located at 330 Saint-Vallier Street East, suite 340, Quebec City (Quebec), Canada.

2. Basis of Preparation

Basis of preparation

The Corporation's financial statements are presented in Canadian dollars. All values are rounded at the nearest dollar, except otherwise indicated.

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34").

The IFRS accounting policies that are set out in the Corporation's consolidated financial statements for the year ended June 30, 2017 were consistently applied to all periods presented. Please refer to note 2 in the Corporation's consolidated financial statements for the year ended June 30, 2017 for a complete description of the Corporation's significant accounting policies.

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in note 3 in the Corporation's consolidated financial statements for the year ended June 30, 2017 and remained unchanged for the six-month period ended December 31, 2017.

The accompanying unaudited condensed interim consolidated financial statements were prepared on a going concern basis, under the historical cost convention.

These condensed interim consolidated financial statements are intended to provide an update on 2017 annual statements. Accordingly they do not include all the information required for annual financial statements and should be read in conjunction with the Corporation's 2017 annual audited consolidated financial statements.

On February 13, 2018 the Board reviewed and approved the accompanying condensed interim consolidated financial statements and authorized its publication.

3. Business Combinations

Acquisition of Utility Partners, LLC

Comparative figures

During the year-end audit of fiscal year 2017, the acquisition of Utility Partners has been considered effective as of July 26, 2016 instead of July 1, 2016, as disclosed in the unaudited interim consolidated financial statements for the period ended December 31, 2016. Therefore, the comparative figures for the six-month period ended December 31, 2016 have been adjusted accordingly and only 5 months of Utility Partners' operations are recorded. The impact on the results for the six-month period ended December 31, 2016 are as follow: a decrease in revenues of $2,384,712, a decrease in cost of goods sold of $2,212,400, a decrease in administrative expenses of

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

$172,312 and a decrease of amortization of intangible assets related to the acquisition of Utility Partners of $132,927. The net impact is a net loss decrease of $132,927. The basic and diluted loss per share decreased from ($0.074) to ($0.069).

Description of the business combination

On July 26, 2016, the Corporation entered into a share purchase agreement providing for the acquisition of all of the memberships interests of Utility Partners, LLC ("Utility Partners"), a US-based company specializing in the operation and maintenance of water and wastewater treatment plants (the "acquisition").

Utility Partners provides US municipal clients with innovative and cost-effective solutions for water and wastewater treatment plants. At the date of the closing of the acquisition, it operated thirty-four (34) plants in six (6) US states, mainly on the US Gulf coast, Southeast, Northeast (New England) and the West Coast (California and Nevada).

H_2O Innovation acquired Utility Partners for an initial purchase price of $22,421,300 (US$17.0 M), on a cash-free, debt-free basis. The total purchase price consideration, including working capital adjustment, amounted to $23,491,318 (US$ 17.8 M). The Corporation financed the acquisition with an equity financing, by way of a bought deal private placement and a concurrent additional non-brokered private placement of Corporation's Common shares at a price of $1.20 per common share for total gross proceeds of $23,061,196.

In addition, H_2O Innovation contracted $10.0 M in credit facilities, which was used, in part, to fund ancillary costs, working capital post acquisition purpose and to support research and innovation initiatives.

Fair value recognized on acquisition date

	July 26, 2016
	$
Assets acquired	
Cash and cash equivalents	**31,091**
Accounts receivable	**3,033,494**
Prepaid expenses	**651,940**
Property, plant and equipment	
Machinery and equipment	**635,966**
Intangible assets	
Customer relations	**6,207,502**
Contractual agreements	**2,246,647**
Non-compete agreements	**3,930,322**
Trademark	**766,281**
Liabilities assumed	
Accounts payable and accrued expenses	**(2,546,417)**
Identifiable net assets acquired	**14,956,826**
Goodwill arising on acquisition	**8,534,492**
Purchase price consideration	**23,491,318**

The purchase price allocation shown above is final and is a summary of the assets acquired, the liabilities assumed and the consideration transferred at fair value as at the acquisition date. It was completed during the fourth quarter of fiscal year 2017. The original transaction was made in U.S. dollars and converted into Canadian dollars as at the acquisition date.

All of the intangible assets and the goodwill acquired are deductible for tax purposes.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Sources and uses of funds at the transaction closing date

	July 26, 2016
	$
Sources	
Private placement (note 11)	**21,160,196**
Additional private placement (note 11)	**1,901,000**
Long-term debt (note 9)	**10,000,000**
	33,061,196
Uses	
Initial cash consideration transferred	**(22,421,300)**
Cash transferred for working capital adjustment	**(1,070,018)**
Acquisition and integration costs	**(1,147,671)**
Share issuance costs (note 11)	**(1,441,856)**
Financing costs (note 9)	**(164,621)**
Related party loans receivable (note 16 a)	**(1,250,000)**
Working capital for the Corporation's current activities	**(5,565,830)**
	-

Costs related to the acquisition

The total acquisition-related and integration costs amounted to $2,754,148 and are included in the financial statements as follows: share issuance costs totalled $1,441,856 are included in the share capital caption in the Consolidated Statement of Changes in Shareholders' Equity, financing costs totalling $164,621 are included in the long-term debt and $1,147,671 of acquisition and integration costs are included in the Consolidated Statements of Earnings (Loss).

Determination of fair value

At the acquisition date, the identifiable assets acquired are recognized at the acquisition date fair value.

The Corporation's valuation of intangible assets has identified contractual agreements, customer relations, non-compete agreements and trademark. The assigned useful lives are based on the remaining duration of the contracts for contractual agreements, 10 years for customer relations, 10 years for non-compete agreements and 7 years for trademark. Significant assumptions used in the determination of fair value of intangible assets, as defined by management, are year-over-year sales growth, discount rate and operating income before depreciation and amortization.

Goodwill arising from the business combination

Based on management's calculations, an amount of $8,534,492 of goodwill has been attributed to the transaction and stems essentially from the synergies with other activities of the Corporation, the economic value of the workforce acquired as well as intangible assets that do not meet the criteria for separate recognition.

Goodwill following the business combinations

The change in carrying value of the goodwill is as follows:

	$
Balance as at June 30, 2016	5,893,636
Business combination – Utility Partners	8,534,492
Effect of foreign exchange differences	(127,406)
Balance as at June 30, 2017	14,300,722
Effect of foreign exchange differences	**(476,066)**
Balance as at December 31, 2017	**13,824,656**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

4. Accounts Receivable

As at	December 31, 2017	June 30, 2017
	$	$
Trade accounts receivable	**13,446,216**	10,023,986
Retentions from customers under manufacturing contracts	**1,975,311**	1,980,423
Allowance for doubtful accounts	**(12,596)**	-
	15,408,931	12,004,409
Tax credits receivable	**32,887**	45,527
Other receivables	**1,637,865**	1,160,539
	17,079,683	13,210,475

5. Inventories

As at	December 31, 2017	June 30, 2017
	$	$
Raw materials	**1,457,649**	1,157,069
Finished goods	**4,744,894**	3,760,523
	6,202,543	4,917,592

6. Bank loans

The Corporation as an authorized credit facility available of US$5,000,000 ($6,272,500) bearing interest at CDN prime rate plus 1.00% (4.20% as at December 31, 2017 and 3.70% as at June 30, 2017) and at US prime rate plus 1.00% (6.00% as at December 31, 2017 and 5.75% as at June 30, 2017) is secured by an assignment of accounts receivable and inventories and by Export Development Canada (“EDC”). As at December 31, 2017, $5,270,765 was used on this line of credit ($3,396,231 as at June 30, 2017).

The Corporation has an authorized credit facility available of US$2,000,000 ($2,509,000) bearing interest at CDN prime rate plus 1.00% (4.20% as at December 31, 2017 and 3.70% as at June 30, 2017) and at US prime rate plus 1.00% (6.00% as at December 31, 2017 and 5.75% as at June 30, 2017). This credit facility is secured by EDC. As at December 31, 2017, $2,705,893 was used on this credit facility ($1,696,376 as at June 30, 2017).

The Corporation has a credit facility enabling it to issue letters of credit for a maximum amount of $1,000,000. This credit facility is secured either by EDC or guaranteed deposit certificate. As at December 31, 2017, $384,162 was used on this credit facility ($292,585 as at June 30, 2017).

The Corporation has a credit facility enabling it to issue letters of credit for a maximum amount of $1,000,000. The credit facility is secured by EDC ($1,017,526 in guaranteed deposit certificate as at June 30, 2017). As at December 31, 2017, the Corporation issued $1,000,000 in letters of credit under this credit facility ($1,000,000 as at June 30, 2017).

The Corporation has access to an hedging facility of $500,000. This facility is secured by EDC and is unused as at December 31, 2017 (unused as at June 30, 2017).

The Corporation has a credit facility enabling it to use a maximum amount of $250,000 on credit card for Corporation’s related expenses. This credit facility is secured by $255,523 in guaranteed deposit certificate ($254,498 as at June 30, 2017). As at December 31, 2017, $53,917 was used on this credit facility ($55,269 as at June 30, 2017).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The Corporation still has letters of credit amounting to $20,469 ($21,173 as at June 30, 2017) with its previous bank, which are secured by a $33,790 guaranteed deposit certificate ($33,717 as at June 30, 2017).

Covenants

As at December 31, 2017, the Corporation was in compliance with the ratios required under its credit facility, as described in note 9 – Long-term debt, and long-term debt arrangements, except for the fixed charge coverage for which it received a waiver from the lenders.

7. Accounts Payable and Accrued Liabilities

As at	**December 31, 2017**	June 30, 2017
	$	$
Trade accounts payable	**8,709,930**	8,056,117
Other accrued liabilities and accounts payable	**2,886,083**	4,627,698
	11,596,013	12,683,815

8. Provisions

The change in carrying value of the provision for warranties is as follows:

	$
Balance as at June 30, 2016	114,224
Additional provisions recognised	37,000
Less: Payments	-
Effect of foreign exchange differences	494
Balance as at June 30, 2017	151,718
Less : Write-off of unused provision	**(27,389)**
Effect of foreign exchange differences	**(3,704)**
Balance as at December 31, 2017	**120,625**

9. Long-Term Debt

As at	**December 31, 2017**	June 30, 2017
	$	$
Unsecured – at amortised cost		
Loan, denominated in Canadian dollars (a)(h)	**4,837,762**	4,242,440
Loan from other entities, denominated in Canadian dollars (b)(h)	**4,323,585**	4,628,474
Loan, denominated in US dollars (c)(h)	**1,463,583**	1,730,266
Loan, denominated in Canadian dollars (d)	**777,440**	400,360
Loan from other entities, denominated in Canadian dollars (e)	**28,641**	32,772
Loan from other entities, denominated in Canadian dollars (f)	**135,476**	148,124
Loan from other entities, denominated in Canadian dollars (g)	**138,114**	-
Loan from other entities, denominated in Canadian dollars	**4,521**	-
Loan from other entities, denominated in US dollars	**-**	2,668
	11,709,122	11,185,104
Less : Current portion	**3,133,900**	2,036,151
Long-term debt	**8,575,222**	9,148,953

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(a) Loan
On July 18, 2016, an agreement was concluded for a loan amounting to $5,000,000, to finance the acquisition of Utility Partners. The loan bears interest at prime rate plus 1.5% (4.7% as at December 31, 2017), payable in 72 monthly instalments of $69,444, principal only, maturing on July 18, 2022. The loan is presented net of financing costs of $51,126.

On October 17, 2017, an agreement was concluded for a loan amounting to $1,000,000, to secure the bond line. The loan bears interest at prime rate (3.2% as at December 31, 2017) and the principal is to be paid on May 21, 2018. The loan is secured by $1,016,650 in guaranteed deposit certificate.

(b) Loan from other entities
On July 18, 2016, an agreement was concluded for a loan amounting to $5,000,000, to finance the acquisition of Utility Partners. The loan bears interest at prime rate plus 2.5% (5.7% as at December 31, 2017), payable in 96 monthly instalments of $52,083, principal only, reimbursement starting the 14^{th} day of six-month following the disbursement, maturing on December 4, 2024. The loan is presented net of financing costs of $51,415.

(c) Loan
On October 20, 2015, an agreement was concluded for a loan amounting to $2,509,000 (US$2,000,000), to finance the acquisition of all the assets of Clearlogx®'s control technology and its specialty coagulant business line. The loan bears interest at prime rate plus 1.0% (6% as at December 31, 2017), payable in 60 monthly instalments of $41,816 (US$33,333), principal only, maturing on October 20, 2020.

(d) Loans
On September 20, 2014, an agreement was concluded for a loan amounting up to $460,000, secured by a first rank hypothec on the Ham-Nord plant, representing a carrying value of $1,240,000, bearing interest at floating prime rate plus 1.05% (6.35% as at December 31, 2017), payable in one instalment of $4,120 on September 23, 2015 and 131 monthly instalments of $3,480, principal only, maturing on August 23, 2026.

On April 13, 2016, an agreement was concluded for a loan amounting up to $565,000, bearing interest at floating prime rate plus 1.0% (6.30% as at December 31, 2017), payable in one instalment of $8,360 on June 23, 2016 and 71 monthly instalments of $7,840, principal only, maturing on May 23, 2022.

(e) Loan from other entities
On July 12, 2016, an agreement was concluded for a loan of $41,720 bearing interest at 3.4% payable in monthly instalments of $801 and maturing July 12, 2021.

(f) Loan from other entities
The Corporation entered into an agreement for a loan of $200,000 for the renovation of the premises. The loan bears interest at 6.83% and is payable in 87 monthly instalments of $2,921, principal and interest, and is maturing in June 2022.

(g) Loan from other entities
On October 12, 2017, an agreement was concluded for a loan of $150,700 to finance the acquisition of an equipment. The loan bears interest at 5.34% and is payable in 48 monthly instalments of $3,463, principal and interest, and is maturing in August 2021.

(h) These long-term debt arrangements require that the Corporation meet the following financial ratios:
- Working capital ratio, defined as current assets divided by current liabilities greater than or equal to 1.25:1.00;
- Debt-to-equity ratio, defined as total debt excluding deferred taxes divided by equity of less than or equal to 3.25:1.00; and
- Fixed charge coverage ratio, including all capital and interest payments on borrowings due and capital expenditures, as defined, greater than or equal to 1.00:1.00.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Covenants
As at December 31, 2017, the Corporation was in compliance with the ratios required under its credit facilities and long-term debt arrangements, except for the fixed charge coverage for which it received a waiver from the lenders.

10. Contingent consideration

The change in carrying value of the contingent consideration is as follows:

	$
Balance as at June 30, 2016	874,596
Less: Payments	(641,421)
Effect of foreign exchange differences	(492)
Balance as at June 30, 2017	232,683
Effect of foreign exchange differences	**(7,746)**
Balance as at December 31, 2017	**224,937**

11. Capital Stock

Private placement

On July 26, 2016, the Corporation issued, by way of a bought deal private placement and concurrent additional non-brokered private placement, 19,217,663 common shares with gross proceeds of $23,061,196, expenses of $1,441,856 for net proceeds of $21,619,340. The Corporation used the proceeds to complete the acquisition of Utility Partners (note 3) and to support its working capital.

Share Capital

The Corporation has authorized an unlimited number of common shares (being voting and participating shares) with no par value.

As at December 31, 2017, the Corporation has a total of 40,144,214 shares issued (40,144,214 as of June 30, 2017).

Stock options

The Corporation has established a stock option plan whereby the Board of Directors may grant stock options to directors, executive officers, key employees and consultants providing services to the Corporation. The Board of Directors determines, at its discretion, the vesting terms, if applicable, the expiry date of options and the number of options to be granted. The maximum number of shares that may be issued under the plan amounts to 4,000,000.

On July 26, 2016, the Corporation granted a total of 2,303,334 stock options issued to members of top management with a vesting period of eight years as an incentive to participate in the long-term development of the Corporation and the growth of the shareholder's value. The stock options entitle their holders to acquire one common share of the Corporation at a price of $1.65 before July 26, 2026. The Black & Scholes value was established at $0.856 per option.

The table below shows the assumptions used in determining stock-based compensation costs under the Black & Scholes option pricing model:

	July 26, 2016
Number of stock options	**2,303,334**
Expected dividend yield	**0%**
Expected volatility	**48%**
Risk-free interest rate	**0.81%**
Expected life (years)	**8**
Fair value at the grant date	**$0.856**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three-month period ended December 31, 2017, the Corporation recorded $105,755 ($167,459 for the three-month period ended December 31, 2016) as stock-based compensation for options granted to members of top management and $226,387 for the six-month period ended December 31, 2017 ($292,611 in 2016 for the six-month period ended December 31, 2016).

The following table summarizes the activity under the Corporation's stock-based compensation plan.

	Six-month period ended December 31, 2017		Year ended June 30, 2017	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Outstanding - Beginning of period	**2,565,334**	**1.75**	262,000	2.64
Granted	**-**	**-**	2,303,334	1.65
Forfeited	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Outstanding - End of period	**2,565,334**	**1.75**	2,565,334	1.75

12. Additional information about the nature of costs components

a) Expenses by nature

	Three-month periods ended December 31,		**Six-month periods ended December 31,**	
	2017	2016	**2017**	2016 (adjusted, note 3)
	$	$	**$**	$
Material	**6,321,159**	8,265,136	**13,131,347**	15,029,109
Changes in inventories of raw material and finished goods	**3,399,321**	(2,261,411)	**4,593,096**	(3,074,305)
Salaries and fringe benefits	**10,601,379**	9,742,321	**20,619,039**	17,461,550
Subcontractors and professional fees	**1,587,683**	658,165	**3,719,007**	1,488,706
Rent, electricity , insurance and office expenses	**518,420**	522,066	**996,497**	1,026,614
Telecommunications and travel expenses	**1,173,387**	1,039,468	**2,063,703**	1,794,835
Bad debt expenses	**12,764**	-	**12,764**	-
Share based compensation	**105,755**	167,459	**226,387**	292,611
Other expenses	**737,827**	1,257,779	**1,261,190**	2,368,873
Total cost of goods sold, operating, selling, administrative and research and development expenses	**24,457,695**	19,390,983	**46,623,030**	36,387,993

b) Depreciation and amortization

The Corporation has elected to present depreciation and amortization as a separate line item in its condensed interim consolidated statement of loss, as opposed to reflecting the fraction of such amount that pertains to each of the cost of goods sold, operating expenses, selling expenses, administrative expenses and research and development expenses, within those cost categories. The following tables provide: i) a breakdown of the depreciation and amortization expense by cost category as noted above, for the three-month and six-month periods ended December 31, 2017 and 2016; and ii) the amounts of cost of goods sold, operating expenses, selling expenses, administrative expenses and research and development expenses, if depreciation and amortization were allocated within those cost categories for the periods as noted above.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Depreciation by function	Three-month periods ended December 31, 2017	2016	Six-month periods ended December 31, 2017	2016
	$	$	**$**	$
Cost of goods sold	**203,682**	141,952	**472,434**	277,092
Operating expenses	**713**	738	**1,395**	1,512
Selling expenses	**9,582**	9,982	**19,017**	20,357
Administrative expenses	**29,001**	28,764	**57,362**	57,503
	242,978	181,436	**550,208**	356,464

Amortization by function	Three-month periods ended December 31, 2017	2016	Six-month periods ended December 31, 2017	2016 (adjusted, note 3)
	$	$	**$**	$
Cost of goods sold	**82,221**	127,456	**194,671**	244,555
Selling expenses	**560,476**	692,202	**1,108,112**	1,057,765
Administrative expenses	**31,855**	18,008	**62,886**	66,275
	674,552	837,666	**1,365,669**	1,368,595

Cost per function including depreciation and amortization of intangible assets	Three-month periods ended December 31, 2017	2016	Six-month periods ended December 31, 2017	2016 (adjusted, note 3)
	$	$	**$**	$
Cost of goods sold	**19,891,811**	15,392,800	**38,436,625**	28,837,963
Operating expenses	**1,009,722**	486,741	**1,887,789**	925,919
Selling expenses	**2,787,593**	2,317,817	**4,982,877**	4,289,647
Administrative expenses	**1,685,929**	2,178,855	**3,222,931**	3,944,279
Research and development expenses	**170**	33,872	**8,685**	115,244
	25,375,225	20,410,085	**48,538,907**	38,113,052

c) Research and development expenses

	Three-month periods ended December 31, 2017	2016	Six-month periods ended December 31, 2017	2016
	$	$	**$**	$
Research and development expenses	**170**	33,872	**8,685**	115,244
	170	33,872	**8,685**	115,244

d) Other (gains) losses – net

	Three-month periods ended December 31, 2017	2016	Six-month periods ended December 31, 2017	2016
	$	$	**$**	$
Realized exchange (gain) loss	**120,905**	(45,514)	**123,699**	(53,612)
Unrealized exchange (gain) loss	**25,367**	135,467	**(73,134)**	177,868
Other (income) expense (a)	**(12,197)**	(29,804)	**333,605**	(38,429)
	134,075	60,149	**384,170**	85,827

(a) During the first quarter of fiscal year 2018, the Corporation was victim of an external fraud perpetrated through its banking online platform, which led to a net loss of $363,364.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

13. Loss per share

The following table sets out the weighted average basic and diluted number of outstanding shares used to compute the basic and diluted loss per share:

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2017	2016	**2017**	2016 (adjusted, note 3)
Net loss	**($1,340,441)**	($1,093,270)	**($2,430,316)**	($2,042,429)
Basic and diluted weighted average number of shares outstanding	**40,144,214**	40,144,214	**40,144,214**	29,410,543
Basic and diluted net loss per share	**($0.033)**	($0.027)	**($0.061)**	($0.069)

Items excluded from the calculation of diluted net loss per share because the exercise price was greater than the average market price of the common shares or due to their anti-dilutive effect		
Stock options	**2,565,334**	262,000

For the three-month period and the six-month periods ended December 31, 2017 and 2016, the diluted net loss per share was the same as the basic net loss per share, since the effect of the assumed exercise of stock options and warrants to purchase common share is anti-dilutive. Accordingly, the diluted net loss per share for these periods was calculated using the basic weighted average number of shares outstanding.

14. Cash Flows

a) The change in non-cash working capital items is as follows:

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2017	2016	**2017**	2016
	$	$	**$**	$
Accounts receivable	**(840,904)**	(873,901)	**(4,199,884)**	(1,272,127)
Inventories	**(58,341)**	(233,931)	**(1,319,123)**	(924,401)
Costs incurred in excess of billings	**2,579,103**	1,206,882	**405,768**	4,871
Prepaid expenses	**220,404**	(741,533)	**644,333**	(32,261)
Accounts payable and accrued liabilities	**(2,638,430)**	439,515	**(785,956)**	296,874
Provisions	**(197)**	3,000	**(27,694)**	6,000
Billings in excess of costs incurred	**3,089**	892,021	**1,458,070**	1,008,267
	(735,276)	692,053	**(3,824,486)**	(912,777)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

b) Cash and cash equivalents consist of the following:

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2017	2016	**2017**	2016
	$	$	**$**	$
Beginning of period				
Cash and cash equivalents	**2,904,784**	7,145,078	**3,870,603**	3,051,870
Bank overdraft	**(284,255)**	(94,873)	**(184,120)**	(520,208)
	2,620,529	7,050,205	**3,686,483**	2,531,662

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2017	2016	**2017**	2016
	$	$	**$**	$
End of period				
Cash and cash equivalents	**3,373,489**	5,803,393	**3,373,489**	5,803,393
Bank overdraft	**(320,827)**	(363,623)	**(320,827)**	(363,623)
	3,052,662	5,439,770	**3,052,662**	5,439,770

15. Segment Information

Products from which reportable segments derive their revenues

The Corporation operates under a single reportable segment consisting of delivering drinking water and process water production and wastewater treatment systems, including related services.

The following is an analysis of the Corporation's revenues for the period for the continuing operations.

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2017	2016	**2017**	2016 (adjusted, note 3)
	$	$	**$**	$
Revenues from sales of consumables	**10,625,475**	7,722,553	**16,650,337**	13,684,659
Projects contracts revenues	**6,578,104**	3,445,764	**14,733,446**	8,814,461
Operation and maintenance revenues	**8,615,350**	8,789,514	**17,053,144**	14,942,861
	25,818,929	19,957,831	**48,436,927**	37,441,981

Geographical information

	Three-month periods ended December 31,		Six-month periods ended December 31,	
Revenue from external customers	**2017**	2016	**2017**	2016 (adjusted, note 3)
	$	$	**$**	$
Revenue according to geographic location				
Canada	**5,219,998**	4,612,479	**10,334,974**	9,683,582
United States	**17,858,639**	13,986,635	**33,648,585**	25,069,928
China	**611,570**	421,903	**639,580**	807,135
Egypt	**18,773**	64,441	**1,191,793**	102,865
Korea	**984,495**	77,098	**993,733**	146,309
Other	**1,125,454**	795,275	**1,628,262**	1,632,162
	25,818,929	19,957,831	**48,436,927**	37,441,981

Revenues are attributed to the various countries according to the customer's country of residence.

As at	**December 31, 2017**	June 30, 2017
	$	$
Non-current assets other than financial instruments and deferred tax assets according to geographic location		
Canada	**6,161,385**	6,418,968
United States	**30,699,881**	33,882,263
	36,861,266	40,301,231

16. Related parties disclosure

a) Related party loans receivable

Following the approval of the disinterested shareholders of the Corporation at the annual meeting of its shareholders held on November 15, 2016, the Corporation extended to executive officers, individual loans in an aggregate amount of $1,250,000 (the "Loans"), effective as of July 26, 2016, in order for them to acquire common shares as part of the additional placement (notes 3 and 11). These loans are repayable in one single installment on the 8th anniversary of the effective date and they can be reimbursed in full at any time before the end of the term, without penalty. These loans bear interest at a rate of 2.5%, payable monthly. They are secured by a pledge of the acquired common shares. The market value of the underlying common shares pledged to secure these loans was $1,250,000 as at December 31, 2017.

An amount of $15,582 was paid to the Corporation in regards of these loans and recorded as Finance income in the Consolidated Statements of Loss for the three-month and six-month period ended December 31, 2017 ($13,527 for the six-month period ended December 31, 2016).

b) Compensation of key management and Board of Directors

The remuneration of members of key management and of the Board of Directors during the period was as follows:

	Three-month periods ended December 31,		**Six-month periods ended December 31,**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Short-term benefits	**378,025**	479,891	**819,247**	955,961
Post-employment benefits	**22,581**	31,708	**38,487**	50,224
Share-based payments	**105,755**	167,459	**226,387**	292,611
	506,361	679,058	**1,084,121**	1,298,796

The remuneration of key management and Board of Directors is determined by the corporate governance, remuneration and risks committee having regards to the performance of individuals and market trends.

17. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

GENERAL INFORMATION

Board of Directors

Philippe Gervais, Chairman of the Board[(1)]
Frédéric Dugré, President, Chief Executive Officer and Director
Pierre Côté, Director[(3)]
Élaine C. Phénix, Director[(1) (2)]
Jean-Réal Poirier, Director[(2) (3)]
Richard Hoel, Director[(1)]
Lisa Henthorne, Director[(2) (3) (4)]
Stephen A. Davis, Director[(2)]
Robert Comeau, Director[(1)]

Management

Frédéric Dugré, President and Chief Executive Officer[(3) (4)]
Marc Blanchet, Chief Financial Officer and Secretary
Guillaume Clairet, Chief Operating Officer[(3) (4)]
Denis Guibert, Vice President, Engineering
Gregory Madden, Vice President, Aftermarket and Digital Solutions
Rock Gaulin, Vice President, Manufacturing and Operations
William Douglass, Vice President, Operation and Maintenance

(1) Audit Committee
(2) Governance, Remuneration and Risks Committee
(3) Technology and Projects Committee
(4) Operation and Maintenance Committee

Advisory Members
Operation and Maintenance Committee

Elisa Speranza
Leonard Graziano

Legal Counsel
McCarthy Tétrault S.E.N.C.R.L.

Transfer Agent
AST Trust Company (Canada)

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