



**PRESS RELEASE**  
**For immediate release**

**TSXV: HEO**  
**OTCQX: HEOFF**  
**Growth Paris: ALHEO**

## **H<sub>2</sub>O Innovation Announces Pricing of Overnight Marketed Financings**

*- NOT FOR DISSEMINATION IN THE UNITED STATES OR TO UNITED STATES NEWSWIRE SERVICES. -*

*All amounts are in Canadian dollars unless otherwise stated.*

**Québec City, October 29, 2019 – (TSXV: HEO)** – H<sub>2</sub>O Innovation Inc. (“H<sub>2</sub>O Innovation” or the “Corporation”) is pleased to announce the pricing of its previously announced overnight marketed public offering (the “Public Offering”), whereby it will enter today into an underwriting agreement (the “Underwriting Agreement”) with a syndicate of underwriters co-led by Desjardins Capital Markets and Canaccord Genuity Corp. (the “Co-Lead Underwriters”) and including Acumen Capital Finance Partners Limited, Beacon Securities Limited, Industrial Alliance Securities Inc. and Haywood Securities Inc. (collectively, the “Underwriters”) to sell 13,335,000 subscription receipts of the Corporation (the “Subscription Receipts”) at a price of \$1.05 per Subscription Receipt for an aggregate gross proceeds of approximately \$14.0 M, exclusive of the Over-Allotment Option described below.

Further, the Corporation is also pleased to confirm the firm commitment of certain institutional shareholders and insiders of the Corporation participating in the equity offering on a brokered private placement basis for an aggregate gross proceeds of approximately \$8.0 M under the same terms and conditions as the Subscription Receipts issued under the Public Offering (the “Concurrent Private Placement” and, collectively with the Public Offering, the “Offerings”). The 7,647,619 Subscription Receipts to be issued in the Concurrent Private Placement (and any underlying securities) will be subject to a four (4) month hold from the closing date of the Offerings. No change of control will occur as a result of the Offerings.

The Subscription Receipts shall be exchangeable into units (the “Units”) of the Corporation on a one-for-one basis without additional payment or further action on the part of the holders thereof. Each Unit shall be composed of one (1) common share in the capital of the Corporation (a “Common Share”) and one half of one (0.5) common share purchase warrant (each whole common share purchase warrant, a “Warrant”). Each Warrant shall entitle the holder to purchase an additional Common Share at an exercise price of \$1.40 at any time for a period of 24 months following the closing date.

The Corporation has also granted the Underwriters an option to purchase up to an additional 952,380 Subscription Receipts under the Public Offering at the Offering Price, exercisable in whole or in part at the sole discretion of the Co-Lead Underwriters, at any time up to thirty (30) days after the closing date (the “Over-Allotment Option”), for additional gross proceeds of up to \$ 1.0 M.

The Corporation will file today an amended and restated preliminary short form prospectus in each of the provinces of Canada amending and restating the preliminary short form prospectus filed on October 28, 2019 to reflect the terms of the Offerings. There will not be any sale of Subscription Receipts until a receipt for the final short form prospectus has been issued.



## **Proceeds**

The Corporation intends to use the net proceeds of the Offerings to partially finance the purchase price of the previously announced acquisition of Genesys Holdings Limited, Genesys Manufacturing Limited, Genesys International Limited and Genesys North America, LLC (collectively “Genesys”), a group of privately-owned companies based in the United Kingdom that develop, manufacture and distribute speciality reverse osmosis (RO) membrane chemicals, antiscalants, cleaners, flocculants and biocides (the “Acquisition”) and to pay the costs associated with the Acquisition and the Offerings. The Acquisition is expected to close on or about November 12, 2019 upon satisfaction of the customary conditions set out in the sale and purchase agreement entered into on October 28, 2019.

The Acquisition and the costs associated with the Acquisition and the Offerings will also be financed by such amount needed to be drawn on the term loan made available in an amount of \$12 million to the wholly-owned UK subsidiary of the Corporation (the “Term Loan”) pursuant to the previously announced amended and restated credit agreement of the Corporation entered into on October 28, 2019 with an arm-length lender. The Term Loan shall be reimbursed by the Corporation by way of quarterly installment on annual amortization of 12.5 % of the principal amount over a period of 3 years. The first instalment shall be due on December 31, 2019.

## **Conditions to Completion of the Offerings**

In the event the closing of the Acquisition occurs concurrently with the closing of the Offerings, the Corporation will issue Units instead of Subscription Receipts.

The issuance of the Subscription Receipts (and underlying Units, underlying Common Shares and underlying Warrants) is subject to customary approvals of applicable securities regulatory authorities, including the TSX Venture Exchange. The Offerings are expected to close on or about November 12, 2019. The Public Offering and the Concurrent Private Placement are conditional upon each other. The Offerings are also conditional upon there being no termination of the Acquisition or announcement of such termination prior to the closing of the Offerings.

## **United States Offerings**

The Subscription Receipts may be placed privately in the United States or to U.S. persons (as defined under Regulation S under the United States Securities Act of 1933, as amended (the “Act”)) only to persons that are Qualified Institutional Buyers under Rule 144A, in transactions exempt from the registration requirements of the U.S. Securities Act, under Rule 144A and under exemptions from registration or qualification under applicable U.S. state securities laws. The securities being offered have not and will not be registered under the Act, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

## **Prospective disclosures**

Certain statements set forth in this press release regarding the Acquisition, the terms of the Offerings, the successful completion of the Acquisition, the successful marketing and completion of the Offerings, the Corporation’s anticipated use of proceeds under the Offerings, the expected timing for closing of the Acquisition, the expected timing for closing of the Offerings, the expected synergies and benefits of the



Acquisition and the operations and the activities of H<sub>2</sub>O 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, performance and achievements and the estimate of amounts that cannot yet be determined. Forward-looking statements include the use of words such as “anticipate”, “if”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “should” or “will”, and other similar expressions, as well as those usually used in the future and the conditional. Those forward-looking statements, based on the current expectations of management, involve a number of risks and uncertainties, known and unknown, which may result in actual and future results, performance and achievements of the Corporation to be materially different than those indicated. Factors that could cause or contribute to such differences include, but are not limited to, failure to obtain TSX Venture Exchange approval of the Offering, failure to satisfy the Escrow Release Conditions prior to the Termination Time and those risk factors discussed in the Annual Information Form of the Corporation dated September 24, 2019 available on SEDAR ([www.sedar.com](http://www.sedar.com)). Certain of the forward-looking statements included in this press release may be considered “financial outlook” for purposes of applicable Canadian provincial and territorial securities laws. Readers are cautioned that such financial outlook information contained in this press release should not be used for the purposes other than for which it is disclosed herein or therein, as the case may be. Unless required to do so pursuant to applicable securities legislation, H<sub>2</sub>O Innovation assumes no obligation to update or revise forward-looking statements contained in this press release or in other communications as a result of new information, future events and other changes.

### **About H<sub>2</sub>O Innovation**

H<sub>2</sub>O Innovation designs and provides state-of-the-art, custom-built and integrated water treatment solutions based on membrane filtration technology for municipal, industrial, energy and natural resources end-users. The Corporation’s activities rely on three pillars which are i) water and wastewater projects and services; ii) specialty products, which include a complete line of maple equipment and products, specialty chemicals, consumables and specialized products for the water treatment industry; and iii) operation and maintenance services for water and wastewater treatment systems and utilities. For more information, visit [www.h2oinnovation.com](http://www.h2oinnovation.com).

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

### **Source:**

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