



PRESS RELEASE
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H₂O Innovation Announces Completion of the Acquisition of Genesys

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All amounts are in Canadian dollars unless otherwise stated.

Québec City, November 15, 2019 – (TSXV: HEO) – H₂O Innovation Inc. (“H₂O Innovation” or the “Corporation”) is pleased to report the completion of the previously announced acquisition, on October 28, 2019, of Genesys Holdings Limited, Genesys Manufacturing Limited, Genesys International Limited and Genesys North America, LLC (collectively “Genesys”), a UK privately-owned group of companies specializing in the development and manufacturing of specialty chemicals dedicated to water treatment, at a purchase price of £16.95 M (\$28.39 M).

Genesys develops, manufactures and distributes speciality reverse osmosis (RO) membrane chemicals, antiscalants, cleaners, flocculants and biocides, and offers, through a large distribution network of 70 distributors, a portfolio of over 35 diversified products with unique formulation that are manufactured in its facility located in Cheshire, UK. In addition, Genesys also offers complete laboratory services such as feed water and pre-treatment tests, membrane autopsies and cleaning program design.

This transaction will help strengthen H₂O Innovation’s specialty chemicals business line in many ways. First, it will enable the Corporation to build a strong portfolio of products by combining the strengths of both the phosphonate technology and dendrimer chemistry. This extended and diversified product offering should enable H₂O Innovation to cover a wider range of applications related to membrane filtration, and thus, improve its specialty chemicals’ sales. Furthermore, the combination of Genesys and PWT sales distribution networks will allow to build one of the largest distribution platforms for specialty chemicals, including 100 distributors active in more than 70 countries. Finally, since PWT is already manufacturing its products in California (USA) while Genesys is blending theirs in Cheshire (UK), the merger of the two companies will allow the Corporation to optimize its manufacturing strategy in order to lower freight costs for our customers and reduce delivery time.

“Through our innovative product line and first-class service, Genesys has become a leading name in the membrane market. All our branded formulations have been developed in-house and are produced at our UK factory in Cheshire. Although Genesys is highly profitable and has grown strongly over the years, we realize that the next stage in growth can only be achieved in combination with a larger organization”, **said Ted Darton, President and Co-founder of Genesys.**

“Whilst there was a significant level of interest in our business, we chose H₂O Innovation as it became apparent, they were the perfect partner and ultimately represented the right home for our business and more importantly our employees. H₂O Innovation will maintain the family feel that Genesys has developed by looking after its staff and distributors. As there are significant areas of synergy for both companies, we fully endorse the acquisition knowing it will be highly beneficial to all those involved”, **added Ursula Annunziata, Director and Co-founder of Genesys.**



The purchase price was established at £16.95 M (\$28.39 M), on a cash-free, debt-free basis fully payable at closing of the acquisition. Genesys' acquisition has been financed through committed credit facility as well as proceeds from an equity offering for gross proceeds of \$22 M, including an overnight marketed public offering of subscription receipts for anticipated gross proceeds of \$14 M as well as a concurrent brokered private placement of subscription receipts with BDC Capital Inc., Caisse de dépôt et placement du Québec and Investissement Québec for aggregate proceeds of \$8 M. The acquisition will also be financed by such amount needed to be drawn on the term loan made available in an amount of \$12 M.

Prospective disclosures

Certain statements set forth in this press release regarding the operations and the activities of H₂O 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. 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 24, 2019 available on SEDAR (www.sedar.com). Unless required to do so pursuant to applicable securities legislation, H₂O 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 H₂O Innovation

H₂O 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.

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– 30 –



Source:

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