



PRESS RELEASE
For immediate release

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OTCQX: HEOFF
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H₂O Innovation Completes \$22 M Equity Offering

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

All amounts are in Canadian dollars unless otherwise stated.

Québec City, November 14, 2019 – (TSXV: HEO) – H₂O Innovation Inc. (“H₂O Innovation” or the “Corporation”) is pleased to report the closing of its previously announced equity offering of aggregate amount of \$22 M, which combines a \$8 M brokered private placement and a \$14 M overnight marketed public offering. BDC Capital Inc., Caisse de dépôt et placement du Québec and Investissement Québec, insiders of the Corporation, have subscribed in the brokered private placement.

Under the public offering (the “Public Offering”), the Corporation issued 13,335,000 units (the “Units”) at a price of \$1.05 per Units (the “Offering Price”) for aggregate gross proceeds of \$14,001,750, exclusive of the Over-Allotment Option described below. Under the brokered private placement, the Corporation issued 7,647,619 Units for aggregate gross proceeds of approximately \$8,030,000 under the same terms and conditions as the Units issued under the Public Offering (the “Concurrent Private Placement” and, collectively with the Public Offering, the “Offerings”). The Offerings were conducted by a syndicate of underwriters led by Desjardins Capital Markets and Canaccord Genuity Corp. (the “Co-Lead Underwriters”) and included Acumen Capital Finance Partners Limited, Beacon Securities Limited, Industrial Alliance Securities Inc. and Haywood Securities Inc. (collectively, the “Underwriters”).

Prior to the closing of the Offerings, the Corporation gave notice to the Co-Lead Underwriters confirming that the closing conditions set forth in the sale and purchase agreement entered into by the Corporation in connection with the acquisition of Genesys Holdings Limited, Genesys International Limited, Genesys Manufacturing Limited and Genesys North America, LLC by a wholly-owned subsidiary of the Corporation (the “Acquisition”) have been satisfied, other than the payment of the purchase price, which will be satisfied with, among others, the proceeds of the Offerings. The closing of the Acquisition is scheduled to occur shortly after the closing of Offerings. Given the delivery of the escrow release condition notice, Units, composed of one (1) common share in the capital of the Corporation (a “Common Share”) and one-half (1/2) of one common share purchase warrant (each whole common share purchase warrant, a “Warrant”), were issued directly to the subscribers instead of subscription receipts of the Corporation. Each Warrant shall entitle the holder to purchase an additional Common Share at an exercise price of \$1.40 at until November 15, 2021.

The Corporation has granted the Underwriters an option to purchase up to an additional 952,380 Units 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 date hereof (the “Over-Allotment Option”), for additional gross proceeds of up to \$ 1.0 M.

In connection with the Offerings, the Corporation paid to the Underwriters an aggregate cash commission of approximately \$970,000 and also issued, as additional compensation, 923,796 non-transferable common share purchase warrants (the “Broker Warrants”). The Broker Warrants will be exercisable at a price per Common Share equal to the Offering Price until May 14, 2021.



The securities offered pursuant to the Public Offering were distributed under a short form prospectus of the Corporation dated November 6, 2019, which is available on SEDAR at www.sedar.com. The Warrants will commence trading on the TSX Venture Exchange today under the symbol HEO.WT.

The securities issued and issuable to the Concurrent Private Placement Offering are subject to a statutory resale restriction until March 15, 2020.

Certain insiders of H2O Innovation have participated in the Offerings, which participation constitutes a “related party transaction” as defined under *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* (“Regulation 61-101”) and TSXV Corporate Finance Policy 5.9 – *Protection of Minority Security Holders in Special Transactions*. The Offerings will be exempt from the formal valuation and minority shareholder approval requirements of Regulation 61-101 as neither the fair market value of securities being issued to insiders nor the consideration being paid by insiders exceeds 25% of the Corporation’s market capitalization. None of the Corporation’s directors has expressed any contrary views or disagreements with respect to the foregoing. The Corporation did not file a material change report 21 days prior to the expected closing date of the Offerings as the details of the participation of the insiders of the Corporation had not been confirmed at that time.

The following insiders have entered into a subscription agreement with the Corporation and the Co-Lead Underwriters for a total of 7,019,048 Units in the Offerings amounting to \$7,370,000, as follows:

- BDC Capital Inc. subscribed for 2,619,048 Units (for an amount of \$2,750,000);
- Caisse de dépôt et placement du Québec subscribed for 2,304,762 Units (for an amount of \$2,420,000); and
- Investissement Québec subscribed for 2,095,238 Units (for an amount of \$2,200,000).

Other insiders of the Corporation, including directors or officers of the Corporation, may have participated in the Public Offering.

The securities offered pursuant to the Offerings have not and will not be registered under the United States Securities Act of 1933, 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 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, 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 final TSX Venture Exchange approval of the Public Offering and those risk factors discussed in the Annual Information Form of the Corporation dated September 24, 2019 available on SEDAR (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, 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.

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.

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Source:

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