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H₂O Innovation Provides an Update on the COVID-19 Situation and Implement Extraordinary Measures to Reduce Expenses

Quebec City, March 31, 2020 – (TSXV: HEO) – H₂O Innovation Inc. (“H₂O Innovation” or the “Corporation”) is pleased to provide a further update following its March 17th notice to customers, suppliers and investors in response to the unprecedented and evolving COVID-19 pandemic.

The Corporation wishes to inform of the continuity of all its operations, as it is considered of essential nature by the governments where the Corporation undertakes its activities. However, although H₂O Innovation is maintaining its operations, its business pillars could be impacted differently, depending on their respective activities, their geographical location and their supply chains.

H₂O Innovation’s financial situation is healthy with sufficient cash to support its operations. In order to protect its balance sheet during this global COVID-19 crisis which we don’t know how long it may persist, the Corporation implemented additional special and temporary measures to reduce its expenses. Hence, starting Monday 30, 2020, the Corporation announced a reduction of 10% of the wages for most of its employees and a 15% reduction for its officers and its Board of Directors, for an undetermined period. The measures also include temporary layoffs in its Ham-Nord facility, in Quebec, as the maple season is winding down and in its Minneapolis facility, since the project manufacturing has slowed down due to delay in project schedule. These collective efforts from the employees will reduce the expenses and help the Corporation maintain cash flows as healthy as possible.

The currency situation is currently having a positive impact on the Corporation’s liquidity and the financial results, as most of its sales are in US dollars and its reporting currency is the Canadian dollar. Finally, H₂O Innovation is staying informed on the measures announced by the different governments that could be available to its employees and the Corporation.

“We are taking additional measures to ensure the long-term continuity of our operations, in response to delays in projects. With 200 water and wastewater utilities operated by our team, combined to the manufacturing of specialty chemicals for water treatment plants around the world, the business model we built is resilient. Also, the strategic acquisitions completed in the past years strengthened our model by reducing the risk related to a single geographical market or a single industry. We intentionally increased the level of recurring revenues, which helps alleviate the effect of the general slow down. In a spirit of prudent management, preventive measures are taken to maintain a healthy financial position. We appreciate the efforts made by each of our employees, and we can not thank them enough for their courage, their understanding and their flexibility amid this challenging period”, **stated Frédéric Dugré, President and Chief Executive Officer of H₂O Innovation.**



H₂O Innovation previously announced a number of measures to ensure the health and safety of its employees and customers while maintaining its operations, including: increasing cleaning and hygiene procedures at all facilities across the organization; cancelling all non-essential and cross-border travel; encouraging employees to work from home when possible; and taking appropriate precautions with visitors to its facilities.

As mentioned previously in the press release dated March 17, 2020, the Corporation has created an internal COVID-19 intervention team (gathering top-management together with human resources, legal, operations and communications), which is meeting daily to ensure continuous communication to all stakeholders. Adequate measures are taken, and decisions are made daily to ensure the continuity of the Corporation and to face the everyday challenges.

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 & wastewater projects, and aftermarket services; ii) specialty products, including a complete line of specialty chemicals, consumables and specialized products for the water treatment industry; and iii) operation and maintenance services for water and wastewater treatment systems. For more information, visit www.h2oinnovation.com.

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