

Investors Presentation

Acquisition of Genesys Membrane Products S.A. ("GMP") in Spain

Presented by:

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TSXV: HEO



Caution Regarding Forward Looking Statements

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This presentation may contain forward-looking statements within the meaning of Canadian securities laws. Such statements include, but are not limited to:

- the anticipated benefits of the acquisition of GMP Spain (the “**Acquisition**”) for H₂O Innovation, including the attractiveness of the Acquisition from a financial perspective through a variety of financial metrics, and H₂O Innovation’s ability to successfully integrate GMP Spain’s business;
- H₂O Innovation’s and GMP Spain’s expected financial performance;
- the realization and timing of any potential cost synergies;
- the expectation that the Acquisition would be immediately accretive to H₂O Innovation on Adjusted EBITDA, net earnings before acquisition costs; and
- the level of estimated expenses to be incurred for the Acquisition.

Caution Regarding Forward Looking Statements

The forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Corporation's current views with respect to future events based on certain material facts and assumptions and are subject to certain risks and uncertainties, including without limitation: assumptions about: public health and COVID-19 pandemic; operating risks; reported performance obligations; fixed price contracts and renewal; acquisition and expansion; international operations, global geopolitical climate and foreign exchange risks; current global financial conditions; competitive environment; liquidity; credit risk; indebtedness; capacity to secure performance guarantees; dependence on third parties; cybersecurity and cyber threats; health & safety; key personnel; impairment; market liquidity; additional financing and dilution; the impact of the Brexit; litigation; intellectual property infringement; implementation of a strategic plan; capital investment; development of new products; interest rate risk; insurance coverage risk; technological changes; reputation and regulatory risk; and transfer pricing matters. . Information about the risk factors to which the Corporation is exposed is provided in the Corporation's annual information form dated September 23, 2020 available on SEDAR (www.sedar.com).

The forward-looking statements are based on certain key expectations and assumptions made by the Corporation, including expectations and assumptions concerning availability of capital resources, performance of operating facilities, financial performance of H₂O Innovation and all its business pillars, strength of market conditions, customer demand, satisfaction of all conditions of closing of the acquisition, obtaining consents required under agreements with third parties, and the timing and receipt of regulatory approvals with respect to the offering. Although the Corporation believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements since no assurance can be given that these expectations and assumptions will prove to be correct.

Should one or more of these risks or uncertainties materialize, or should the assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this presentation and the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law. There is no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Purchasers are cautioned that forward-looking statements are not guarantees of future performance and accordingly purchasers are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. New factors emerge from time to time, and it is not possible for management of the Corporation to predict all of these factors or to assess in advance the impact of each such factor on the Corporation's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Certain of the forward-looking statements included in this presentation may be considered "financial outlook" for purposes of applicable Canadian provincial and territorial securities laws. Financial outlook information contained in this presentation about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information available as of the date of this presentation, which management believes has been presented on a reasonable basis. Readers are cautioned that such financial outlook information contained in this presentation should not be used for the purposes other than for which it is disclosed herein or therein, as the case may be.

The forward-looking statements contained in this presentation are expressly qualified by the foregoing cautionary statements and are made as of the date of this presentation. The Corporation does not undertake any obligation to publicly update or revise any forward-looking statements, except as required by applicable securities laws.

Non-IFRS Financial Measurements

The Corporation uses both International Financial Reporting Standards (“IFRS”) and certain non-IFRS measures to assess performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to any similar measures presented by other companies. Non-IFRS measurements, as presented herein, include adjusted earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”), net debt, and recurring revenue. The Corporation refers the reader to the “*Non-IFRS Financial Measurement*” section of the Annual MD&A, which is available under the Corporation’s profile on SEDAR at www.sedar.com, for the definition, historical reconciliation to the most comparable IFRS measure, where such a measure exists, and a description of the usefulness of each measure as it relates to the Corporation’s business.

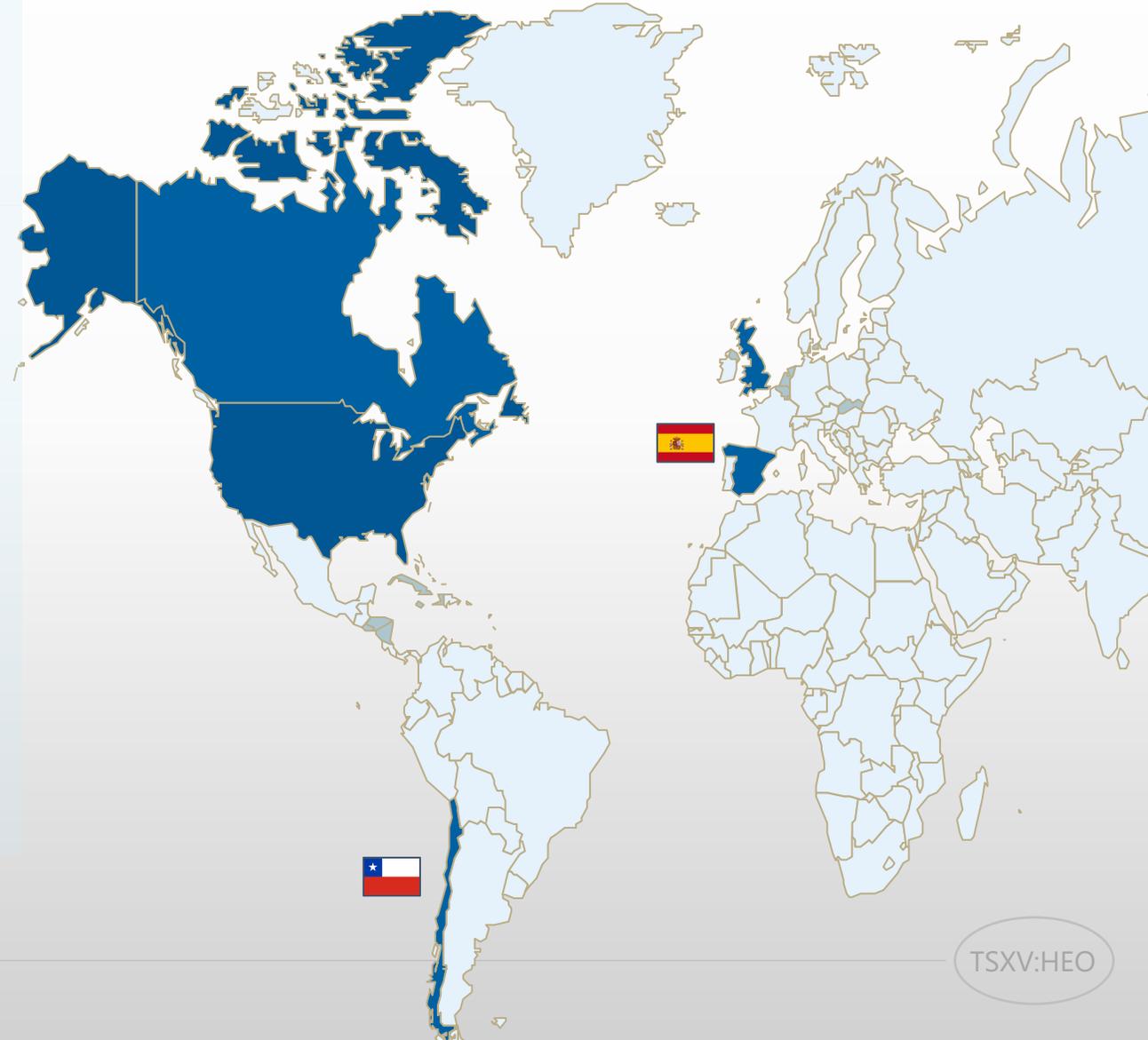
The information contained in this presentation and related to GPM Spain includes the following non-IFRS measure:

- GPM Spain’s EBITDA is defined as earnings before finance costs - net, income taxes, depreciation and amortization.

Genesys Membrane Products S.A (GMP) Overview



Founded	2001
Description	Sell membrane specialty chemicals, filters, and specialized laboratory services to industrial and municipal customers in Spain and Latin America.
Customers Base	<ul style="list-style-type: none">• ≈ 520 customers• 50% Industrial – 50% Municipal
Key Markets	<ul style="list-style-type: none">• Industrial• Mining• Energy• Municipal (through OEM Companies)
Personnel	16 employees , (6 commercial, 10 technical support)
Financials	In FY2020 (Dec 31) : <ul style="list-style-type: none">• Revenues of €5.00 M (\$7.75 M)
Location	Madrid (Spain) and Santiago (Chile)



Transaction Rationale



Expand our capabilities in membrane chemistry

The acquisition of GMP is the next logical step in our **goal of developing the world's largest membrane specialty chemicals and associated services supplier** sold through distribution.



- ✓ Add laboratory capabilities beyond what we have in Vista (USA) and Cheshire (UK);



- ✓ Support more effectively distributors (PWT & Genesys) and end-users in a geography that is expecting sustained growth in the coming 3-5 years ;



- ✓ Grow sales in the mining industry by leveraging the Genmine™ specialty chemical platform with local technical & commercial expertise in Chile.

Pro Forma

In CAD millions unless otherwise noted

	FY2020 Pro Forma		
	H ₂ O Innovation (September 30, 2020 LTM)	GMP (December 31, 2020 LTM)	Pro Forma
Revenues	140.37	7.75	148.12
Business Mix on Revenues			

- Water Technologies & Services
- Specialty Products
- Operation & Maintenance

Summary of the Transaction

As of February 1st 2021 :

- H₂O Innovation acquired the remaining 76% of GMP effective February 1, 2021 ;
- Valued on **6x EBITDA** over 3 years, **with earn-out** based on 2021 and 2022's EBITDA ;
- Transaction is paid from the Corporation's working capital ;
- Signed employment and non-compete agreements with key employees.

3-Year Plan

Key Strategic Objectives



Build a safer working environment with top tier **HS&E** practice



Acquire companies that will accelerate our growth and increase our profitability



Cultivate H₂O Innovation as an **ESG** champion



Grow our **WTS** business with customers that have high **recurring revenue** potential



Gain **efficiency** in O&M through digital evolution



Expand our **Specialty Products** offering through **innovation**



Transform Maple into an agri-food & irrigation business



Centralize innovation to drive cross-business, synergistic technology development



Use **data** and best available **digital tools** to improve our business processes



Invest in a strong sales culture to provide extraordinary **customer satisfaction**



3-Year Plan M&A Strategy



OUR DISCIPLINED M&A STRATEGY WILL BUILD ON THE FOLLOWING PRINCIPLES



Add complimentary technologies, products, and/or services



Create high synergies with current businesses



Grow customer base and improve relationships to maximize recurring revenue



Consolidate fragmented North American market for O&M and Services

3-Year Plan Growth Objectives

ACTUAL FY 2020

Revenue \$134 M

Adjusted EBITDA 9.4%



IMPROVE GROSS MARGIN \$

- Increase Sales
- Operational Excellence
- Product Innovation



TARGET FY 2023

Revenue \$175-250 M

Adjusted EBITDA > 11%

2-4 STRATEGIC ACQUISITIONS



Pro-forma basis :

- \$148.1 M in Revenues
- Increase EBITDA, on a Pro forma basis, by $\geq 10\%$



Takeaways on the Acquisition of GMP

The Transaction allow us to **expand our capabilities** in membrane chemistry with the **goal of developing the world's largest membrane specialty chemicals and services** supplier by :



1. Adding laboratory capabilities to serve our customers globally ;



2. Supporting more effectively PWT & Genesys distributors and end-users in the strategic geography of Latin America ;



3. Growing sales in the mining industry through a local commercial and technical presence in Chile ;

- Attractive valuation of 6x EBITDA paid over 3 years, with 2 years earn-out ;
 - Increase H₂O's EBITDA on proforma basis by more than 10% ;
 - Transaction completed without dilution for the shareholders ;
 - Immediately accretive to H₂O's earning per share (EPS) ;
 - Transaction is aligned with our 3-Year Strategic Plan objectives.



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