



PRESS RELEASE
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H₂O Innovation Announces Election of Board of Directors, Updates its 3-Year Strategic Plan and Presents its First ESG Plan

Quebec City, December 9, 2021 – (TSXV: HEO) – H₂O Innovation Inc. (“H₂O Innovation” or the “Corporation”) held its Annual General Meeting of Shareholders (the “Meeting”) this morning. Shareholders elected or re-elected the following directors to the Corporation’s Board of Directors: Lisa Henthorne, Chairwoman of the Board of Directors, Richard Hoel, Vice-Chairman of the Board of Directors, Frédéric Dugré, President and Chief Executive Officer, Pierre Côté, René Vachon, Stéphane Guérin, Elisa M. Speranza and Louis G. Véronneau. Among these eight (8) members of the Board of Directors of the Corporation, seven (7) are independent.

During the Meeting, shareholders appointed Ernst & Young LLP as auditor of the Corporation for the fiscal year ending June 30, 2022, and ratified, confirmed and approved the Advance Notice Bylaw of the Corporation.

Update on 3-Year Strategic Plan

Mr. Frédéric Dugré, President and Chief Executive Officer of H₂O Innovation, took the opportunity to update the shareholders on the 3-Year Strategic Plan that was initially presented in December 2020, which is the Corporation’s Vision 2023.

During his presentation, Mr. Dugré reminded the shareholders that the water investment thesis is supported by strong fundamental drivers which will influence positively the addressable market in which the Corporation will evolve in the next three years. A review of the ten strategic objectives of the 3-Year Strategic Plan Vision 2023 was also presented. Essentially, the Corporation continues to build out its businesses in a way that enhances cross-selling opportunities, maximize customer synergies and retention, and improve operational efficiency. Also, the Corporation is expanding its international distribution network, launches new products and continues to focus on recurring business. Since last year, the Corporation completed two acquisitions, and with the \$55 M credit facility announced earlier this week, intends to pursue its M&A strategy with non-dilutive acquisitions.

Therefore, today, H₂O Innovation considers itself to be in a position to reach, for its Vision 2023, revenues between \$185 M to \$250 M, while continuing to push for margin expansion on its adjusted EBITDA¹ which is expected to be between 11% to 11.5%.

As for the Vision 2024, being an updated 3-Year Strategic Plan, the Corporation expects to grow the revenues to a range of \$220 M to \$300 M by the end of fiscal year 2024, driven by double digit organic growth and a disciplined acquisition strategy made of non-dilutive transactions.

¹ EBITDA means earnings before finance costs – net, income taxes, depreciation and amortization. The definition of adjusted EBITDA excludes expenses otherwise considered in net earnings (loss) according to Generally Accepted Accounting Principles (“GAAP”), namely the unrealized exchange (gains) losses, the change in fair value of contingent considerations and the stock-based compensation costs. These items are non-cash items and do not have an impact on the operating and financial performance of the Corporation. Management has also elected to exclude the acquisition and integration costs, as they are not directly linked to the operations.



“As we grow our top line, we want to continue expanding our adjusted EBITDA margin above 11%, giving us the ability to continue to invest in the Corporation to generate double digit organic growth after fiscal year 2023. We recognize that this is an ambitious plan, but we believe that our experience in integrating companies, launching new products, expanding an international sales force and generating value will certainly serve us well. We will remain disciplined operationally, financially and for the acquisitions. Our objective is to maximize the earnings for the shareholders while keeping our employees engaged throughout this amazing journey”, **said Frédéric Dugré, President and Chief Executive Officer of H₂O Innovation.**

First ESG Plan

Mr. Dugré also presented to the shareholders, along with Mr. Gregory Madden, Chief Strategy Officer of H₂O Innovation, the Corporation’s first Environmental, Social & Governance (“ESG”) Plan, which is the Corporation’s pledge to address environmental problems related to water, and to do so in a workplace where people feel accomplished and supported by strong governance and sensible policies in an ever-changing world. As part of the ESG Plan, the Corporation has identified seven objectives which are intended to drive positive changes for the Corporation’s stakeholders and to create value for shareholders.

“Since our very beginning in 2000, H₂O Innovation has continuously strived to address growing water-related problems through innovative technologies and strict compliance to engineering practices. Our passion for water has led us to build a business relying on high customer retention, innovation, and care. Although this is our first ESG Report, we have been continuously improving our sustainability efforts through our Health, Safety and Environmental (HSE) focus, as well as a function of what we do – simplify water. With fresh water sources in decline, new and better ways to manage water are needed. H₂O Innovation is leading the shift towards more water reuse, using the best available technology to produce high-quality water that can be used directly for agriculture, landscape irrigation and industrial applications, as well as indirectly for potable. Being better stewards of our water resources is central to the mission of H₂O Innovation”, **added Frédéric Dugré.**

The Corporation’s ESG Plan is available on its website, in the “About us” section:
www.h2oinnovation.com/about-us/sustainability/.

Prospective disclosure

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. 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 the said forward-looking statements, such as the achievement of specific financial results, the completion of the Corporation’s acquisition strategy, the enhancement of cross-selling opportunities to maximize customer synergies and retention, and the improvement of the operational efficiency. Information about the risk factors to which the Corporation is exposed is provided in the Annual Information Form dated September 27, 2021 available on SEDAR (www.sedar.com).



About H₂O Innovation

Innovation is in our name, and it is what drives the organization. H₂O Innovation is a complete water solutions company focused on providing best-in-class technologies and services to its customers. The Corporation's activities rely on three pillars: i) Water Technologies & Services (WTS) applies membrane technologies and engineering expertise to deliver equipment and services to municipal and industrial water, wastewater, and water reuse customers, ii) Specialty Products (SP) is a set of businesses that manufacture and supply a complete line of specialty chemicals, consumables and engineered products for the global water treatment industry, and iii) Operation & Maintenance (O&M) provides contract operations and associated services for water and wastewater treatment systems. Through innovation, we strive to simplify water. For more information, visit www.h2oinnovation.com.

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– 30 –

Source:

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