



PRESS RELEASE
For immediate release

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H₂O Innovation Announces Expiry of “Go-Shop” Period

Visit www.H2OVote.com for Arrangement Related Information

All amounts are in Canadian dollars

Québec City, November 3, 2023 (TSX: HEO) – H₂O Innovation Inc. (“H₂O Innovation” or the “Corporation”) announces the expiration of the 30-day “go-shop” period provided for in the arrangement agreement dated October 3, 2023 (the “Arrangement Agreement”) entered into in connection with the previously announced acquisition by Ember SPV I Purchaser Inc. (the “Purchaser”), an entity controlled by funds managed by Ember Infrastructure Management, LP, a New York-based private equity firm, of all of the issued and outstanding common shares in the capital of H₂O Innovation (the “Shares”), other than the Shares to be rolled over by Investissement Québec, Caisse de dépôt et placement du Québec and certain key executives of the Corporation, for \$4.25 in cash per Share, pursuant to a statutory plan of arrangement (the “Arrangement”) under the *Canada Business Corporations Act*.

Following the announcement of the Arrangement, and in accordance with the terms of the Arrangement Agreement, H₂O Innovation initiated a “go-shop” process with its financial advisor, Scotia Capital Inc. (“Scotiabank”), by soliciting third-party interest in submitting an acquisition proposal that is superior to the Arrangement. Scotiabank contacted 11 strategic parties and 18 financial sponsors as part of the “go-shop” process. The “go-shop” period expired on November 2, 2023 at 11:59 p.m. (Montréal time) with no superior proposal having been received. H₂O Innovation is now subject to a non-solicitation covenant with customary “fiduciary out” provisions under the terms of the Arrangement Agreement.

Completion of the Arrangement is subject to customary conditions, including obtaining the required approvals from the holders of Shares (the “Shareholders”) at the special meeting of Shareholders to consider the Arrangement to be held virtually on November 28, 2023 (the “Meeting”) and receiving the final order of the Superior Court of Québec. It is anticipated that the Arrangement will be completed in the fourth quarter of 2023. The Management Information Circular (the “Circular”) and related materials for the Meeting are available under the Corporation’s profile on SEDAR+ at www.sedarplus.ca and on H₂O Innovation’s website at www.h2oinnovation.com.

H₂O Innovation has retained Kingsdale Advisors to act as proxy solicitation agent and to respond to inquiries from Shareholders. Shareholders who have any questions about the information contained in the Circular or need assistance voting or completing their form of proxy or voting information form may contact Kingsdale Advisors either (i) by email at contactus@kingsdaleadvisors.com or (ii) by telephone at 1-866-581-1489 (toll-free in North America) or (416) 623-2516 (text or call outside North America).

To keep current with, and obtain information about voting your Shares, please visit www.H2OVote.com.

Cautionary Note and Forward-Looking Statements

The Corporation’s oral and written public communications may include forward-looking statements. These statements are included in this press release, the Circular and may be included in other filings or



communications from the Corporation. The forward-looking statements are made pursuant to the applicable securities legislation. Forward-looking statements may include, but are not limited to, statements and comments with respect to the holding of the Meeting, the anticipated timing and the various steps to be completed in connection with the Arrangement, including receipt of Shareholder and court approvals, and the anticipated timing of closing of the Arrangement. Forward-looking information also relates to, among other things, the Corporation's strategies to achieve its objectives, as well as information with respect to management's beliefs, plans, expectations, anticipations, estimations and intentions, and may also include other statements that are predictive in nature, or that depend upon or refer to future events or conditions. The management of H₂O Innovation would like to point out that forward-looking statements involve a number of uncertainties, known and unknown risks and other factors which may cause the actual results, performance or achievements of the Corporation to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. In preparing its outlook, the Corporation made assumptions that do not consider extraordinary events or circumstances beyond its control. When used in this press release, words such as "anticipate", "continue", "could", "estimate", "expect", "forecast", "future", "intend", "may", "objective", "outlook", "plan", "predict", "project", "should", "will", "would" or the negative or comparable terminology as well as terms usually used in the future and the conditional are generally intended to identify forward-looking statements, although not all forward-looking statements include such words.

The information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making expectations, forecasts, projections, predictions, or estimations, including, without limitation: that the Arrangement will be completed on the terms currently contemplated, and in accordance with the timing currently expected; that all conditions to the completion of the Arrangement will be satisfied or waived; and that the Arrangement Agreement will not be terminated prior to the completion of the Arrangement. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of the Corporation's current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Corporation's business and anticipated operating environment.

Forward-looking statements are necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by the Corporation as of the date of this press release, are subject to inherent uncertainties, risks and changes in circumstances that may differ materially from those contemplated by the forward-looking statements. Moreover, the proposed Arrangement could be modified or the Arrangement Agreement terminated in accordance with its terms. Several factors, risks or uncertainties could cause the actual results to differ materially from the results discussed in the forward-looking statements. Should one or more of these factors, risks or uncertainties materialize or should the assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. Such factors include, without limitation: (a) the failure of the parties to obtain any necessary regulatory approvals or the required Shareholder and court approvals or to otherwise satisfy the conditions to the completion of the Arrangement, and failure of the parties to obtain such approvals or satisfy such conditions in a timely manner; (b) significant costs or unknown liabilities related to the Arrangement; (c) litigation relating to the Arrangement may be commenced which may prevent, delay or give rise to significant costs or liabilities; (d) the Arrangement Agreement may be terminated prior to its consummation; (e) the Corporation may be required to pay a termination fee to the Purchaser in certain circumstances if the Arrangement is not completed; (f) the focus of management's



time and attention on the Arrangement may detract from other aspects of the Corporation's business; (g) general economic conditions; (h) the market price of the Shares may be materially adversely affected if the Arrangement is not completed or its completion is materially delayed; and (i) failure to realize the expected benefits of the Arrangement.

Failure to obtain any necessary regulatory approvals or the required Shareholder and court approvals, or such approvals being obtained subject to conditions that are not anticipated, or failure of the parties to otherwise satisfy the conditions to the completion of the Arrangement may result in the Arrangement not being completed on the proposed terms, or at all. If the Arrangement is not completed, and the Corporation continues as a publicly-traded entity, there are risks that the announcement of the Arrangement and the dedication of substantial resources of the Corporation to the completion of the Arrangement could have an impact on its business and strategic relationships (including with future and prospective employees, customers, suppliers and partners), operating results and activities in general, and could have a material adverse effect on its current and future operations, financial condition and prospects. Furthermore, pursuant to the terms of the Arrangement Agreement, the Corporation may, in certain circumstances, be required to pay a fee to the Purchaser, the result of which could have an adverse effect on its financial position. The Corporation cautions that the foregoing list of factors is not exhaustive. Additional information about the risk factors to which the Corporation is exposed to is provided in the Annual Information Form dated September 27, 2023, which is available on SEDAR+ (www.sedarplus.ca).

The forward-looking statements set forth herein reflect the Corporation's expectations as of the date hereof, and are subject to change after this date. The Corporation may, from time to time, make oral forward-looking statements. The Corporation advises that the above paragraphs and the risk factors described herein should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from those in the oral forward-looking statements. 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

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.



Source:

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