WATER WAYS TECHNOLOGIES INC.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2019

UNAUDITED

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WATER WAYS TECHNOLOGIES INC.
UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(In thousands of US Dollars, except per share data)

	Note	September 30, 2019	December 31, 2018
		Unaudited	Unaudited
CURRENT ASSETS:			
Cash and cash equivalents		557	233
Short term deposits		175	167
Trade accounts receivable, net		4,912	3,335
Other accounts receivable		777	1,333
Inventory		1,045	660
Total current assets		7,466	5,728
NON-CURRENT ASSETS:			
Deferred tax asset		173	18
Other accounts receivable		136	-
Investments in associated company		-	181
Intangible assets		254	-
Goodwill	3B	129	-
Property, plant and equipment, net		311	212
Total non-current assets		1,003	411
TOTAL ASSETS		8,469	6,139
CURRENT LIABILITIES:			
Short term loans and current portion of long-term loans		1,131	550
Lease liabilities		16	-
Trade accounts payable		4,244	2,463
Other accounts payable		324	268
Total current liabilities		5,715	3,281
NON-CURRENT LIABILITIES:			
Long-term loans		155	207
Lease liabilities		69	-
Derivative- warrants		4	69
Total non-current liabilities		228	276
SHAREHOLDERS' EQUITY:			
Share capital		*	*
Additional paid in capital		3,433	1,544
Reserves		48	
Retained earnings (deficit)		(955)	1,038
Total shareholders' equity		2,526	2,582
TOTAL LIABILITIES AND SHAREHOLDERS' E		8,469	6,139

* Represent an amount lower than 1 thousand.

November 28, 2019		
Date of approval	Ohad Haber CEO	Meira Zada CFO

The accompanying notes are an integral part of the condensed interim consolidated financial statements

WATER WAYS TECHNOLOGIES INC.
UNAUDITED CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
(In thousands of US Dollars, except per share data)

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
Revenues:				
Services	1,367	1,622	3,235	5,720
Products	1,724	1,369	4,464	3,999
Total revenues	3,091	2,991	7,699	9,719
Cost of revenues:				
Services	1,193	1,402	2,833	4,630
Products	1,527	1,205	3,856	3,502
Total cost of revenues	2,720	2,607	6,689	8,132
Gross profit	371	384	1,010	1,587
Listing expenses	-	-	1,727	-
Selling, general and administrative expenses	634	261	1,382	817
Operating profit (loss)	(263)	123	(2,099)	770
Finance expenses	25	45	110	2
Finance Income	(26)	(17)	(115)	(1)
Share in profit (loss) of associated company	-	13	(10)	(5)
Profit (loss) before taxes on income	(262)	108	(2,104)	764
Tax on income (recovery)	(43)	24	(111)	180
Profit (loss) for the period	(219)	84	(1,993)	584
Foreign currency translation differences	(13)	-	22	-
Other comprehensive income (loss)	(13)	-	22	-
Net comprehensive income (loss)	(232)	84	(1,971)	584
Basic profit per share attributable to shareholders (*):	$-0.002	$0.005	$-0.023	$0.009
Weighted average number of common shares outstanding:	89,410,651	72,807,705	86,646,588	67,153,060
Diluted profit per share attributable to shareholders (*):	$-0.002	$0.005	$-0.023	$0.008
Weighted average number of common shares outstanding:	89,410,651	80,372,369	86,646,588	74,816,227

* represents number of common shares after given effect of the shares split
** Represent amount less than 0.0001

The accompanying notes are an integral part of the condensed interim consolidated financial statements

For the nine months ended September 30, 2019:

	Number of Shares	Share capital	Additional paid-in capital	Retained deficit	Capital reserve for share-based payment	Currency translation adjustment	Total Shareholders' equity
	(US$ in thousands)						
Balance at January 1, 2019	37,221,961	*	1,544	1,038	-	-	2,582
Reverse Take Over (Note 3A)	39,750,408	*	524	-	-	-	524
Issuance of shares, net	12,438,282	-	1,346	-	-	-	1,346
Shares to be issued upon acquisition	-	-	19	-	-	-	19
Stock based compensation	-	-	-	-	26	-	26
Net comprehensive loss for the period	-	-	-	(1,993)	-	22	(1,971)
Balance at September 30, 2019	89,410,651	*	3,433	(955)	26	22	2,526

For the nine months ended September 30, 2018:

	Number of Shares	Share capital	Additional paid-in capital	Retained earnings	Total Shareholders' equity
Balance at January 1, 2018(**)	28,500,00	*	-	621	621
Issuance of shares, net	5,000,000	-	1,181	-	1,181
Share issuance to consultants	3,721,961	*	361		361
Net comprehensive profit	-	-	-	584	584
Balance at September 30, 2018	37,221,961	*	1,542	1,205	2,747

* Represents an amount lower than 1 thousand

** Represents number of common shares after given effect of the shares split

The accompanying notes are an integral part of the interim condensed consolidated financial statements

WATER WAYS TECHNOLOGIES INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(In thousands of US Dollars, except per share data)

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
	(unaudited) (US$ in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit (loss) for the year	(1,993)	584
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	45	33
Stock based compassion	26	-
Decrease (increase) in deferred taxes	(155)	(3)
Accrued interest	43	12
Change in short term deposits	(8)	-
Share in loss (profit) in associated company	(8)	5
Loss from realization of associated company	18	-
Decrease (increase) in trade accounts receivable, net	(1,575)	917
Increase in other accounts receivable	(1,641)	(585)
Increase in inventory	(336)	(130)
Decrease (increase) in trade accounts payable	1,564	(211)
Increase (decrease) in other accounts payable	858	(380)
Revaluation of derivative- warrants	**(104)**	(6)
Listing expenses	1,727	-
Net cash provided by (used in) operating activities	(1,539)	236
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment, net	(5)	(61)
Acquisition of business (Note 3B)	(363)	-
Capitalized development costs	(100)	-
Repayments of loans to others	-	23
Change in short term deposits	-	(45)
Net cash used in investing activities	(468)	(83)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of bank loans	(1,026)	(357)
Receipt of bank loans	1,512	-
Lease payments	(3)	
Reverse Take Over (Appendix B)	9	-
Issuance of shares and warrants, net	1,861	1,231
Net cash provided by financing activities	2,353	874
Effect of foreign exchange rate changes on cash	(22)	(3)
Increase in cash and cash equivalents	324	1,024
Cash and cash equivalents at beginning of the year	233	174
Cash and cash equivalents at the end of the year	557	1,198

The accompanying notes are an integral part of the interim condensed consolidated financial statements

WATER WAYS TECHNOLOGIES INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(In thousands of US Dollars, except per share data)

APPENDIX A-AMOUNT PAID DURING THE PERIOD FOR:

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	US$ in thousands	
Tax	30	147
Interest	45	12

APPENDIX B-Reverse Take Over:

	As of March 6, 2019
	US$ in thousands
Working capital other than cash	114
Issuance of shares upon reverse take over	524
Issuance cost	(629)
Cash received	9

APPENDIX C- Non-cash activity:

	As of June 17, 2019
	US$ in thousands
Sale of associated company against other accounts receivable	(172)

The accompanying notes are an integral part of the interim condensed consolidated financial statements

NOTE 1 - GENERAL:

A. Water Ways Technologies Inc. ("Water Ways" or the "Company" formerly known as Sagittarius Capital Corporation) was incorporated under the Business Corporations Act (Ontario) on April 20, 2007 and was classified as a Capital Pool Corporation as defined by TSX Venture ("TSX-V") Exchange Policy 2.4 (the "Exchange Policy"). The Company's registered address and principal place of business is 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8.

Irri-Al-Tal Ltd. ("**Irri-Al-Tal**") was incorporated on October 11, 2003 under the laws of the State of Israel. Irri Al Tal registered and head office address at P.O.B. 7 Kibbutz Ramat-David 3658700, Israel. Irri-Al-Tal is an agriculture technology company that specializes in providing water irrigation solutions to agricultural producers. Irri-Al-Tal competes in the global irrigation water systems market with a focus on developing solutions with commercial applications in the micro and precision irrigation segments of the overall market.

B.

1. On December 28, 2017, Water Ways Technologies entered into a letter of intent ("**LOI**") with Irri Al Tal, Water Ways incorporated in Canada and traded on the NEX board of the TSX Venture Exchange ("**Exchange**") pursuant to which shareholders of Irri Al Tal exchanged all their issued and outstanding ordinary shares of the Company ("**IAT Shares**") for common shares of Water Ways ("**Common Shares**") and become a wholly-owned subsidiary of the Water Ways ("**Securities Exchange**").

2. On August 21, 2018, Irri-Al-Tal entered into securities exchange agreement ("**Securities Exchange Agreement**") with Water Ways, whereby Water Ways has agreed to acquire the Securities Exchange by issuing two (2) Common Shares for each issued and outstanding IAT Share (the "**Exchange Ratio**"). According to the terms of the original LOI, the Exchange Ratio was increased from one post-Consolidation Sagittarius Share for each IAT Share to two Common Shares for each IAT Share issued and outstanding. Immediately prior to the completion of, and as a condition to, the Securities Exchange, Sagittarius shall consolidate the outstanding common shares on the basis of one (1) Common Share for 1.4964285 outstanding Sagittarius Shares (the "**Consolidation**"), which was approved by Sagittarius shareholders at a special meeting on August 15, 2018.

NOTE 1 – GENERAL (CONT.):

B. (CONT.)

3. On March 6, 2019, Water Ways completed its Qualifying Transaction by completing the Securities Exchange with the Company. the acquisition was done by completing a reverse takeover. Sagittarius changed its name from "Sagittarius Capital Corporation" to "Water Ways Technologies Inc." Pursuant to the Securities Exchange, all security holders of Irri-Al-Tal exchanged all issued and outstanding securities in the capital of Irri-Al-Tal for two corresponding securities in the capital of Sagittarius. Since the Qualifying Transaction was completed in March 2019 all of the comparatives presented are referring solely to Irri-Al-Tal.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

These consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("**IAS**") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and Interpretations issued by the International Financial Reporting Interpretations Committee ("**IFRIC**").

The financials were prepared based on the same accounting policy as of the annual financials, except for as mentioned below and under new standards. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ending December 31, 2018. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS are not included in these condensed consolidated interim financial statements as signed at April 29, 2019.

Listing costs

The Company allocated the incremental costs that were directly attributable to issuing new shares to equity (net of any income tax benefit) and the costs that were related to the stock market listing or are otherwise not incremental and directly attributable to issuing new shares, were recorded as an expense in the statement of comprehensive income. Costs that were related to both share issuance and listing were allocated between those shares based on the number of shares.

Intangible assets

Intangible assets include internally generated capitalized development costs (see also "Research and development costs"). Intangible assets with a finite useful life are amortized over their useful life. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end and adjustments, where applicable, are made on a prospective basis. The carrying amount of these assets is reviewed whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable (see also "Impairment of non-financial assets").

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Capitalized development costs are not being amortized yet because the development has not been completed and the assets are yet to be in use. Subsequent expenditure on capitalized intangible assets is capitalized only where it clearly increases the economic benefits to be derived from the asset to which it relates.

All other expenditure, including that incurred in order to maintain an intangible assets current level of performance, is expensed as incurred. During the period ended June 30, 2019 the Company capitalized development costs in the amounts of 75 thousand**.**

Goodwill and Impairment

Goodwill represents the excess of the costs of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost of a business combination comprise the fair values of assets given, liabilities assumed and equity instruments issued. Any costs of acquisition are charged to profit or loss. Goodwill is recognized as an intangible asset with any impairment in carrying value being charged to the income statement. The Goodwill is not systematically amortized and the company reviews goodwill for impairment once a year, or more frequently if events or changes to circumstances indicated that there is an impairment.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options calculated at the grant date is based on the share fair price is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense charged is not adjusted for failure to achieve a market vesting condition.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

IFRS 16 - "Leases" ("IFRS 16")

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset, until the carrying amount is reduced to zero**.** implementing IFRS 16 didn't had any effect on the financials on January 1, 2019. The Company has started to implement IFRS 16 as of July, 2019.

The Company recognized the right-of-use assets based on the amount equal to the lease liability, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liability were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. As part of initial application, there was no impact on retained earnings on July 1, 2019.

The following is a reconciliation of the Company's liability in respect of operating leases disclosed in the financial statements as of July 1, 2019, discounted at the incremental interest rate on the initial implementation date and lease commitments recognized on July 1, 2019 (Unaudited):

	$ in thousands
Operating lease commitments as of July 1, 2019 (Before the effect of IFRS 16)	100
Weighted average incremental borrowing rate as of July 1, 2019	5%
Discounted operating lease commitments	89
Lease liability as of July 1, 2019	89

(In thousands of US Dollars, except per share data)

NOTE 3 - SUBSTANTIAL EVENTS DURING THE REPORTED PERIOD

A. REVERSE TAKE OVER:

Completion of the Qualifying Transaction with Sagittarius

On March 6, 2019, Water Ways completed its Qualifying Transaction by completing the Securities Exchange with the Company. Sagittarius acquired all the issued and outstanding shares of Irri-Al-Tal pursuant to a Securities Exchange Agreement between the Irri-Al-Tal and Water Ways by issuing 75,338,152 post-consolidated Common Shares in the capital of Sagittarius to the security holders of Irri-Al-Tal, including those exchanged following the completion of the Concurrent Private Placement (as hereinafter defined), but not including those issued pursuant to the Offering.

In connection with the Qualifying Transaction, Sagittarius also completed an offering ("**Offering**") of units ("**Units**") for gross proceeds of $2,111 by issuing 11,272,500 Units. Each Unit is comprised of one Common Share and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant is exercisable into one Common Share (a "**Warrant Share**") at CAD0.40 per Warrant Share until March 6, 2021.

Pursuant to the Securities Exchange, all shareholders of Irri-Al-Tal exchanged their IAT Shares for post-consolidated Common Shares of Sagittarius on a 1:2 basis and the convertible securities of Irri-Al-Tal were exchanged for corresponding securities of Sagittarius also on a 1:2 basis. At the same time, Sagittarius changed its name from "Sagittarius Capital Corporation" to "Water Ways Technologies Inc."

The fair value of the consideration is as follows:

	06/03/2019
Fair value of common shares (2,800,000 shares at CAD0.25 per share)	$ 524
Total fair value of consideration	**$ 524**
Less: Net negative assets of the Sagittarius	$ (105)
Listing expense	**$ 629**

The company had additional listing expenses, which mainly relate to brokers fees legal fees and capital advisory, the aggregate amount of the Listing expenses sums up to $1,727.

For accounting purposes, Irri-Al-Tal is considered the accounting acquirer and Water Ways is considered the acquired company. As a result of the transaction described above, the former shareholders of Irri Al Tal acquired control of the Company as they owned a majority of the outstanding shares of the Company upon completion of the transaction. Therefore, the transaction constitutes a reverse take-over and is accounted for with Irri Al Tal being identified as the acquirer and the net assets of Water Ways being recorded at fair value at the date of the transaction. Consequently, the historical results of operations are

NOTE 3 - SUBSTANTIAL EVENTS DURING THE REPORTED PERIOD (CONT.):

A. REVERSE TAKE OVER (CONT.):

those of Irri Al Tal. Since Water Ways' operations do not constitute a business, the acquisition of Water Ways is not a business combination pursuant to IFRS 3 and the transaction is accounted for as a reverse takeover of the publicly traded company. The reverse takeover will be accounted for under IFRS 2 Share-based Payments. Accordingly, the acquisition of Water Ways is accounted at the fair value of the consideration transferred by the accounting acquirer, which is the fair value of the equity instruments of the Irri-Al-Tal would have had to issue to the owners of Sagittarius to effect the transaction. The difference between the net assets acquired and the fair value of the consideration granted will be treated as a listing expense.

B. Acquisition of HEARTNUT GROVE INC assets:

On June 17, 2019, the Company announced that it closed the previously announced acquisition of certain assets of Heartnut Grove Inc. ("Heartnut"), Canadian distributor of irrigation and agriculture components, based in Mount Brydges, Ontario. Heartnut, was established in 2004.
Water Ways established a wholly owned Canadian subsidiary named Heartnut Grove WWT Inc. to acquire certain Heartnut assets including its customer base, inventory, certain equipment and goodwill for total consideration of $382 payable as follows:

- $363 was paid in cash and;
- $19 payable by issuance of 178,571 Common Shares, at a deemed value of CAD0.14 per Common Shares.

Upon closing, Heartnut transferred its commercial operations and its sole shareholder and managing director John Pol (the "Shareholder") became an employee and manager of Heartnut Grove WWT Inc. and entered into an employment agreement with Heartnut Grove WWT Inc.. The Company also retained the current Heartnut sales force.
The purchase consideration was allocated between the acquired tangible assets and intangible assets, based on their fair values. Fair values were estimated with the assistance of an independent third party.
Management is fully responsible for the valuation of the assets. The fair value assigned to identifiable intangible assets acquired has been determined by using valuation methods that accounts for replacement costs, using estimates and assumptions determined by management.
Based on the above, the Company determined that the purchase price exceeded the fair values of assets acquired by approximately $129 which is recognized as goodwill. Upon the purchase price allocation, an amount of $153 was allocated to customer list to be amortized over six -year period.

NOTE 3 - SUBSTANTIAL EVENTS DURING THE REPORTED PERIOD (CONT.):

B. Acquisition of HEARTNUT GROVE INC assets (CONT.):

The table below summarizes the preliminary fair value of assets acquired at the purchase date:

	June 15, 2019
Inventory	50
Fixed Assets	50
Customer List	153
Goodwill *	129
Total net assets acquired	382

* Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. The goodwill is attributed to the expected benefits arising from the synergies of the combination of the activities of the Company and acquired company.

The contribution of Heartnut results to the Company's consolidated revenues and consolidated loss were $250 and $35 thousand loss respectively, for the period from June 15, 2019 to September 30, 2019.

The pro forma financial information presented below is for informational purposes only, is subject to a number of estimates, assumptions and other uncertainties, and is not indicative of the results of operations that would have been achieved if the transaction had taken place at January 1, 2019. The pro forma financial information is as follows:

	Nine months ended September 30, 2019
	(in thousands)
	Pro forma
	Unaudited
Total revenues	9,299
Net loss attribute to the Company	1,952

C. Sale of associated company:

On June 17, 2019, the Company sold its shares (45%) in Kama Agrarian Ltd. For an amount of $172.

As a result the company recorded a capital loss of $16.

The sale of associated company records against other accounts receivable**.** The amount due will be received in several installments during the period of 5 years.

NOTE 4 – SHAREHOLDERS' EQUITY:

Common Shares confer upon their holders the right to receive notice, to participate and vote in general meetings of the Company and the right to receive dividends, if and when declared.

a. Share Issuances to Consultants for Services Rendered ("**consultant's shares**")

On April 8, 2018, Irri-Al-Tal issued 1,653,571 IAT Shares to a consultant in respect of services rendered pursuant to a consulting agreement.

On April 8, 2018, following the completion of the Initial Private Placement, Irri-Al-Tal issued 2,068,390 IAT Shares to consultants in respect of services rendered to Irri-Al-Tal.

On March 6, 2019 all the consultant's shares in Irri-Al-Tal were exchanged to 7,172,369 Common Shares. In accordance with IFRS 2 - Share-Based Payments, since the fair value of these services cannot be measured reliably, the fair value of the services received were measured at fair value based on third party valuation of the instruments issued at an amount of $361. The valuation utilized a Monte Carlo based risk neutral model. The model was designed to simulate both the fair value of the company's assets, as well as the fair value of all the claims on these assets over time.

b. Qualifying Transaction

Water Ways completed an Offering of 11,272,500 Units for gross proceeds of CAD$2,818,125. The Offering was conducted by Leede Jones Gable Inc. ("**Leede**"), which acted as a lead agent for the Offering. Each Unit was comprised of one Common Share and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant is exercisable into one Common Share (a "**Warrant Share**") at CAD$0.40 per Warrant Share until March 6, 2021. If the closing price of the Common Shares on the Exchange is equal to or greater than CAD$0.75 for any 20 consecutive trading days, the Company may, upon providing written notice to the holders of the Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. In connection with the Offering, Sagittarius has paid the following: (i) a cash commission of CAD$ 225,450; (ii) a corporate finance fee of CAD$40,000; and (iii) 901,800 non - transferable broker warrants (each, a "**Broker Warrant**"). Each Broker Warrant entitles the holder to one Common Share at a price of CAD$0.50 until March 6, 2021.

Immediately prior to the closing of the Securities Exchange, Irri-Al-Tal completed a non-brokered private placement ("**Concurrent Private Placement**") of IAT Units raising gross proceeds of CAD$291,445.38. Each IAT Unit was issued at a price of CAD$0.50 and was comprised of IAT Share and one-half of one ordinary share purchase warrant ("**Concurrent Warrant**"). Each whole Concurrent Warrant entitled the holder thereof to acquire one ordinary share at a price of CAD$0.80 per share until March 5, 2021. The securities issued in connection with the Concurrent Private Placement were exchanged into Common Shares and Warrants of Sagittarius, respectively, on the 1:2 basis in accordance with the terms of the Securities Exchange Agreement.

(In thousands of US Dollars, except per share data)

NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):

b. Qualifying Transaction (CONT.)

After completion of the Offering and the Securities Exchange, Water Ways Technologies had 89,414,384 Common Shares issued and outstanding, of which 84.3% held by former Irri-Al-Tal shareholders (of which 1.3% of the total is attributed to the participants of the Concurrent Private Placement), 3.1% held by shareholders of Sagittarius who were shareholders prior to completion of the Offering and the Securities Exchange, and 12.6% held by purchasers of the Units under the Offering. In addition, immediately after completion of the Securities Exchange, Water Ways Technologies has had 11,219,141 common share purchase warrants issued and outstanding, of which 5,636,250 are the Warrants underlying the Units issued to the participants in Offering, and 5,582,891 are the warrants held by former Irri-Al-Tal warrant holders.

In addition, Water Ways Technologies has had 1,701,800 broker warrants outstanding, of which 901,800 represents the Broker Warrants issued in connection with the Offering and the balance was issued in the Securities Exchange in consideration for the Brokered Options.

c. The following details the outstanding ordinary shares, warrants, compensation warrants, and stock options:

Water Ways Technologies - Balance at the date hereof:

Security	Number Outstanding	Exercise Price in CAD	Expiry Date
Ordinary shares	89,410,650		
Warrants exercisable	636,240	0.175	16/04/2020
Warrants exercisable	3,976,502	0.25	16/04/2020
Warrants exercisable	318,120	0.25	16/04/2020
Warrants exercisable	163,760	0.175	29/05/2020
Warrants exercisable	1,023,498	0.25	29/05/2020
Warrants exercisable	81,880	0.25	29/05/2020
Warrants exercisable	901,800	0.25	06/03/2021
Warrants exercisable	6,219,141	0.4	06/03/2021
Options	3,973,527	0.25	*
	106,705,118		

(In thousands of US Dollars, except per share data)

NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):

c. The following details the outstanding ordinary shares, warrants, compensation warrants, and stock options (cont.):

Options and shares granted to employees and service providers:

A summary of the status of the Company's option plan granted to employees as of September 30, 2019 and changes during the relevant period ended on that date is presented below:

	Period ended September 30, 2018		Year ended December 31, 2018	
	Number of options	**Weighted average Exercise price**	**Number of options**	**Weighted average Exercise price**
Outstanding at beginning of year	-	-	-	-
Granted	3,973,527	CAD$0.25	-	-
Exercised	-	-	-	-
Forfeited and cancelled	-	-	-	-
Outstanding at end of the period	3,973,527	CAD$0.25	-	-
Exercisable options	1,390,193	CAD$0.25	-	-

The options to employees outstanding as of September 30, 2019 are comprised, as follows:

Exercise price	Outstanding as of September 30, 2019	Weighted average remaining contractual term	Exercisable as of September 30, 2019	Weighted average remaining contractual term
		(years)		(years)
$0.25	1,000,000	4.4	250,000	4.4
$0.25	2,750,000	4.7	916,666	4.7
$0.25	223,527	4.7	223,527	4.7
	3,973,527		1,390,193	

NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):

c. The following details the outstanding ordinary shares, warrants, compensation warrants, and stock options (cont.):

On June 19, 2019, the Company approved a share option plan (the "**Plan**"). Under the plan, the Company granted 3,973,527 options with a CAD$0.25 exercise price per share to its directors, officers, employees and consultants of which the Company granted:

1,000,000 options with a CAD$0.25 exercise price per share to its directors in eight equal amounts at the end of every quarter, commencing with the quarter ended March 31, 2019. The options will expire 5 years from issuance. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. Under the following inputs: Risk free rate: 1.39%, expected volatility: 35%, expected term: 5 years, expected dividend yield: 0%, p.a.

2,750,000 options with a CAD$0.25 exercise price per share to its employees in 3 equal portions, commencing June 19, 2019. The options will expire 5 years from issuance. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. Under the following inputs: Risk free rate: 1.39%, expected volatility: 35%, expected term: 5 years, expected dividend yield: 0%, p.a.

223,527 options with a CAD$0.25 exercise price per share to a consultant commencing June 19, 2019. The options will expire 5 years from issuance. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. The fair value was based on the received financial instruments and not according to the fair value of the services rendered. Under the following inputs: Risk free rate: 1.39%, expected volatility: 35%, expected term: 5 years, expected dividend yield: 0%, p.a.

(In thousands of US Dollars, except per share data)

NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):

c. The following details the outstanding ordinary shares, warrants, compensation warrants, and stock options (cont.):

Derivative liability - Warrants:

Each warrant entitles the holder to purchase one common share of the Company. The following table reflects the continuity of warrants for the periods presented**:**

Warrant activity	Exercisable at September 30, 2018	Weighted average exercise price in CAD
Balance – Beginning of Period	**-**	**-**
Issued in the RTO Private Placement (note 4B)	5,000,000	0.31
Issued to brokers for RTO Private Placement (note 4B)	1,200,000	0.31
Balance – End of Period	**6,200,000**	**0.31**

Warrant activity	Exercisable at September 30, 2019	Weighted average exercise price in CAD
Balance – Beginning of Period	6,200,000	0.31
Issued in the RTO Private Placement (note 4B)	6,219,141	0.31
Issued to brokers for RTO Private Placement (note 4B)	901,800	0.31
Balance – End of Period	**13,320,941**	**0.31**

The following table summarizes information about warrants outstanding as at September 30, 2019 and September 30, 2018:

Date of issuance	Date of expiry	Weighted average exercise price	Exercisable at September 30, 2019
April 16, 2018	March 06, 2021	CAD$0.31	4,930,862
May 29, 2018	March 06, 2021	CAD$0.31	1,269,138
March 06, 2019	March 06, 2021	CAD$0.31	7,120,941
			13,320,941

(In thousands of US Dollars, except per share data)

NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):

c. The following details the outstanding ordinary shares, warrants, compensation warrants, and stock options (cont.):

The fair value measurement of the warrants in the table above, using the Black-Scholes model, is based on significant unobservable inputs a thus represent a level 3 measurement within the fair value hierarchy. The key inputs that were used in measuring the fair value of the convertible loan were: risk free interest rate- 1.65%, expected volatility-35%, expected dividend yield 0% and expected term- 1.5 year. The Company considers expected volatility of the shares of comparable companies and it's Common Shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on Canadian government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term.

	Warrants
Warrants as of January1 ,2019	(69)
Receipts of Warrants	(39)
Change in fair value	104
Convertible loan as of Sep 30, 2019	(4)

	Warrants
Warrants as of January1 ,2018	-
Receipts of Warrants	(48)
Change in fair value	6
Convertible loan as of Sep 30, 2018	(42)

(In thousands of US Dollars, except per share data)

NOTE 5 – SEGMENT REPORTING:

The Company identified Mr. Haber who is the Company's CEO as its chief operating decision maker ("**CODM**").

As the Company's CODM, Mr. Haber receives information on a segregated basis (for review on a regularly basis) of each business unit, i.e. projects (services) and products (components) as well as information segregated for geographical areas. The financial statements present within statements of comprehensive income the revenues from each segment on a standalone basis as well as cost of sale of each segment – i.e. there are no transactions between segments. The information as presented in the financial statements is essentially the same information provided to the CODM and the same information regarding decisions about allocating resources, please note, there's no information available beyond revenues and cost of sales for each segment except presenting the results of each segment, as the statement of comprehensive income presents gross profit on a combined basis.

The Company accounts for its segment information in accordance with IFRS 8 "Segment Reporting" which establishes annual and interim reporting standards for operating segments of a company based on the Company's internal accounting methods.

Operating segments are based upon its internal organization structure, the manner in which the Company's operations are managed and the availability of separate financial information. The Company has two operating segments: products segment and project-services segment.

Summarized financial information by segment, based on the Company's internal financial reporting system utilized by the Company's chief operating decision makers, follows:

For the three months ended September 30, 2019:

	HGWWT Products:	**Products:**	**Project Services:**	**Company Total:**
Revenues	210	1,514	1,367	3,091
Cost of revenues	157	1,370	1,193	2,720
Segment gross profit	53	144	174	371
Non-allocated expenses				634
Finance income, net				1
Share in profit of an associated company				-
Profit (loss) before provision for income taxes:				**(262)**

(In thousands of US Dollars, except per share data)

NOTE 5 – SEGMENT REPORTING (CONT.):

For the nine months ended September 30, 2019:

	HGWWT Products :	Products:	Project Services:	Company Total:
Revenues	250	4,214	3,235	7,699
Cost of revenues	195	3,661	2,833	6,689
Segment gross income	55	553	402	1,010
Non-allocated expenses				3,109
Finance income, net				5
Share in losses of an associated company				10
Loss before provision for income taxes:				**(2,104)**

For the three months ended September 30, 2018:

	Products:	Project Services:	Company Total:
Revenues	1,369	1,622	2,991
Cost of revenues	1,205	1,402	2,607
Segment gross income	164	220	384
Non-allocated expenses			261
Finance expenses, net			28
Share in profits of an associated company			13
Profit before provision for income taxes:			**108**

For the nine months ended September 30, 2018:

	Products:	Project Services:	Company Total:
Revenues	3,999	5,720	9,719
Cost of revenues	3,502	4,630	8,132
Segment gross income	497	1,090	1,587
Non-allocated expenses			817
Finance expenses, net			1
Share in losses of an associated company			5
Profit before provision for income taxes:			**764**

(In thousands of US Dollars, except per share data)

NOTE 6 – REVENUES:

1. Geographic Areas Information:

The following present total revenues for the three months ended September 30, 2019 and 2018:

	For the three months ended September 30	
	2019	**2018**
Africa	150	1,257
South and Central America	1,194	1,418
Asia	1,102	79
Europe	55	25
Others	590	212
	3,091	2,991

The following present total revenues for the nine months ended September 30, 2019 and 2018:

	For the nine months ended September 30	
	2019	**2018**
Africa	311	4,172
South and Central America	3,387	2,374
Asia	2,725	531
Europe	167	209
Others	1,109	131
	7,699	7,417

2. Principal Customers:

Major customers over 10% of the Company's revenues:

	For the nine months ended September 30	
	2019	**2018**
Customer A	19%	20%
Customer B	13%	18%
Customer C	11%	11%

NOTE 7 – RELATED PARTIES AND SHAREHOLDERS:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Company has transactions with key management personnel.

Transactions with related parties, if any, are incurred in the normal course of business and are measured at fair value.

Related Party	**Nature**	**For the nine months ended September 30, 2019**	**For the nine months ended September 30, 2018**
		(US$ in thousands)	
Branson Corporate Services Ltd. *	Bookkeeping Services Fees	15	8
Fogler, Rubinoff LLP **	Legal Fees	90	-
FMI Capital Advisory Inc. *	Consulting Fees	42	-
Director	Consulting Fees	45	22

Payable related party :

Related Party	**Nature**	**September 30, 2019**	**September 30, 2018**
		(US$ in thousands)	
Branson Corporate Services *	Bookkeeping Services Fees	-	27
Fogler Rubinoff LLP **	Legal Fees	-	61
FMI Capital Advisory Inc. *	Accrued Consulting Fees	-	11
Director	Various Expenses	10	10

* Company in which a director has a non-controlling indirect interest

** Law firm in which a director of the Company is a Partner

(In thousands of US Dollars, except per share data)

NOTE 7 – RELATED PARTIES AND SHAREHOLDERS (CONT.):

The following transactions arose with related parties:

	For the three months ended September 30	
	2019	**2018**
Management fees paid to the CEO	95	67

	For the nine months ended September 30	
	2019	**2018**
Management fees paid to the CEO	273	217

Receivables from related parties:

	As of	
	September 30, 2019	**December 31, 2018**
Balances owed by (to) the CEO	8	(6)

NOTE 8 – EVENTS AFTER REPORTING PERIOD:

On October 27, 2019, WWT thorough its subsidiary Irri Al-Tal, established a new company ("H.D.P Irrigation Ltd." or "H.D.P") in Israel which hold in interest 73%, in the intent of forming a Subco in the Chinese market, following the Company announcement on September 18, 2019, that it has signed a non-binding Letter of Intent (the “LOI”) with its distributer to establish a new distribution subsidiary for the huge and growing Chinese irrigation market.