



# Water Ways

technologies

## **WATER WAYS TECHNOLOGIES INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30,**

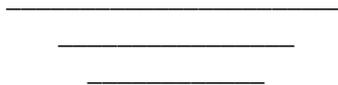
**2022**

**(UNAUDITED)**

**WATER WAYS TECHNOLOGIES INC.**

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## **WATER WAYS TECHNOLOGIES INC.**

### **NOTICE TO SHAREHOLDERS**

The accompanying unaudited condensed consolidated interim financial statements of WATER WAYS TECHNOLOGIES INC. for the nine months ended September 30, 2022, have been prepared by management in accordance with International Financial Reporting Standards applicable to consolidated interim financial statements (Note 2). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited condensed consolidated interim financial statements, management is satisfied that these unaudited condensed consolidated interim financial statements have been fairly presented.

Under National Instrument 51-102, part 4, sub-section 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**WATER WAYS TECHNOLOGIES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(US Dollar in thousands)

	Note	September 30, 2022	December 31, 2021
		Unaudited	Audited
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents		1,989	2,599
Restricted Cash		14	66
Trade accounts receivable, net		3,372	4,393
Advance payment for projects		715	-
Other accounts receivable		494	666
Inventory		2,508	1,961
<b>Total current assets</b>		<b>9,092</b>	<b>9,685</b>
<b>NON-CURRENT ASSETS:</b>			
Deferred tax asset		30	39
Other accounts receivable		115	125
Intangible assets, net		852	959
Goodwill		916	916
Property, plant and equipment, net		442	361
<b>Total non-current assets</b>		<b>2,355</b>	<b>2,400</b>
<b>TOTAL ASSETS</b>		<b>11,447</b>	<b>12,085</b>
<b>CURRENT LIABILITIES:</b>			
Short term loans and current portion of long-term loans		1,052	885
Lease liabilities		17	18
Trade accounts payable		3,622	4,336
Deferred revenues		25	330
Other accounts payable		876	509
<b>Total current liabilities</b>		<b>5,592</b>	<b>6,078</b>
<b>NON-CURRENT LIABILITIES:</b>			
Long-term loans		261	489
Contingent liability		365	365
Share issuance liability		700	700
Lease liabilities		15	26
Tax liability		141	158
Convertible debenture	4B	484	-
Derivative - warrants	4C	1,438	5,037
<b>Total non-current liabilities</b>		<b>3,404</b>	<b>6,775</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	4	*	*
Additional paid in capital		7,288	6,780
Reserves		201	252
Retained earnings (deficit)		(5,131)	(7,863)
<b>Water Ways Technologies Inc shareholders' equity</b>		<b>2,358</b>	<b>(831)</b>
Non-controlling interest		93	63
<b>Total shareholders' equity</b>		<b>2,451</b>	<b>(768)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>11,447</b>	<b>12,085</b>

\* Represent an amount lower than 1 thousand.

The accompanying notes are an integral part of the financial statements

November 29, 2022

Date of approval

  
Ohad Haber  
CEO & Executive Director

  
Dor Sneh  
CFO

**WATER WAYS TECHNOLOGIES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(In thousands of US Dollars, except for the number of shares)

	Note	For the three months period ended September 30		For the nine months period ended September 30	
		2022	2021	2022	2021
		Unaudited	Unaudited	Unaudited	Unaudited
<b>Revenues:</b>	6				
Services		444	1,275	2,415	6,405
Products		1,567	1,613	7,053	6,194
<b>Total revenues</b>		<b>2,011</b>	<b>2,888</b>	<b>9,468</b>	<b>12,599</b>
<b>Cost of revenues:</b>					
Services		331	1,016	1,882	5,076
Products		1,281	1,429	5,899	5,172
<b>Total cost of revenues</b>		<b>1,612</b>	<b>2,445</b>	<b>7,781</b>	<b>10,248</b>
<b>Gross profit</b>		<b>399</b>	<b>443</b>	<b>1,687</b>	<b>2,351</b>
Sales and marketing expenses		220	252	802	629
General and administrative expenses		634	1,105	1,576	2,083
<b>Operating profit (loss)</b>		<b>(455)</b>	<b>(914)</b>	<b>(691)</b>	<b>(361)</b>
Finance expenses		(62)	(1,251)	(110)	(1,643)
Finance income		-	25	119	60
Revaluation of derivatives		118	-	3,436	-
<b>Profit (loss) before taxes on income</b>		<b>(399)</b>	<b>(2,140)</b>	<b>2,754</b>	<b>(1,944)</b>
Tax on income (recovery)		(44)	(14)	(8)	49
<b>Profit (loss) for the period</b>		<b>(355)</b>	<b>(2,126)</b>	<b>2,762</b>	<b>(1,993)</b>
<b>Other comprehensive expense:</b>					
Item that will not be reclassified to profit or loss:					
Foreign currency translation differences		23	90	(5)	27
<b>Total other comprehensive loss</b>		<b>23</b>	<b>90</b>	<b>(5)</b>	<b>27</b>
<b>Net comprehensive income (loss)</b>		<b>(332)</b>	<b>(2,036)</b>	<b>2,757</b>	<b>(1,966)</b>
<b>Profit for the period attributed to:</b>					
Non-controlling interests		23	(26)	30	45
Water Ways Technologies Inc Shareholders'		(378)	(2,100)	2,732	(2,038)
<b>Profit (loss) for the period</b>		<b>(355)</b>	<b>(2,126)</b>	<b>2,762</b>	<b>(1,993)</b>
<b>Total Comprehensive income (loss) for the period attributed to:</b>					
Non-controlling interests		23	(26)	30	45
Water Ways Technologies Inc Shareholders'		(355)	(2,010)	2,727	(2,011)
<b>Net comprehensive income (loss)</b>		<b>(332)</b>	<b>(2,036)</b>	<b>2,757</b>	<b>(1,966)</b>
Basic profit per share attributable to shareholders :		(0.002)	(0.0158)	0.019	(0.018)
Weighted average number of common shares outstanding:		145,820,345	134,827,879	145,282,033	110,146,725
Diluted profit per share attributable to shareholders :		(0.002)	(0.0158)	0.014	(0.018)
Weighted average number of common shares outstanding:		145,820,345	134,827,879	190,876,115	110,146,725

The accompanying notes are an integral part of the financial statements

WATER WAYS TECHNOLOGIES INC.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(US Dollar in thousands)

**For the nine months period ended September 30, 2022:**

	Number of Shares	Share capital	Additional paid-in capital	Retained deficit	Capital reserve for share-based payment	Currency translation adjustment	Total	Non- controlling interests	Total Shareholders' equity
<b>Balance at January 1, 2022</b>	<b>143,575,710</b>	*	<b>6,780</b>	<b>(7,863)</b>	<b>247</b>	<b>5</b>	<b>(831)</b>	<b>63</b>	<b>(768)</b>
Net income				2,732			2,732	30	2,762
Other comprehensive income (loss):									
Exchange differences on translating foreign operation						(5)	(5)		(5)
<b>Total comprehensive income</b>	-	-	-	<b>2,732</b>		<b>(5)</b>	<b>2,727</b>	<b>30</b>	<b>2,757</b>
Exercise of Options to employees and directors	350,000	-	46	-	(15)	-	31	-	31
Exercise of Options to service providers	450,000	-	116	-	(31)	-	85	-	85
Shares for debt	102,320	-	22	-	-	-	22	-	22
Exercise of PP Warrants	1,276,398	-	310	-	-	-	310	-	310
Exercise of Finder Warrants	65,917	-	14	-	-	-	14	-	14
<b>Balance at June 30, 2022</b>	<b>145,820,345</b>	*	<b>7,288</b>	<b>(5,131)</b>	<b>201</b>	<b>-</b>	<b>2,358</b>	<b>93</b>	<b>2,451</b>

\*Represent an amount lower than 1 thousand

**The accompanying notes are an integral part of the financial statements**

WATER WAYS TECHNOLOGIES INC.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(US Dollar in thousands)

**For the nine months period ended September 30, 2021:**

	Number of Shares	Share capital	Additional paid-in capital	Retained deficit	Capital reserve for share-based payment	Currency translation adjustment	Total	Non- controlling interests	Total Shareholders' equity
<b>Balance at January 1, 2021</b>	<b>90,484,263</b>	*	<b>2,946</b>	<b>(2,451)</b>	<b>46</b>	<b>2</b>	<b>543</b>	<b>(46)</b>	<b>497</b>
Net income	-	-	-	(2,038)	-	-	(2,038)	45	(1,993)
Other comprehensive income (loss):									
Exchange differences on translating foreign operation	-	-	-	-	-	27	27	-	27
<b>Total comprehensive income</b>	-	-	-	<b>(2,038)</b>	-	<b>27</b>	<b>(2,011)</b>	<b>45</b>	<b>(1,966)</b>
Stock based compensation	3,040,000	*	-	-	186	-	186	-	186
Private placement – Note 4	37,039,516	*	2,455	-	-	-	2,455	-	2,455
Warrant exercise – Note 4	9,969,495	*	720	-	-	-	720	-	720
<b>Balance at September 30, 2021</b>	<b>140,533,274</b>	*	<b>6,121</b>	<b>(4,489)</b>	<b>232</b>	<b>29</b>	<b>1,893</b>	<b>(1)</b>	<b>1,892</b>

\*Represent an amount lower than 1 thousand

**The accompanying notes are an integral part of the financial statements.**

**WATER WAYS TECHNOLOGIES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(US Dollar in thousands)

	<b>For the nine months period ended September 30, 2022</b>	<b>For the nine months period ended September 30, 2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit for the period	2,762	(1,993)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	192	192
Stock based compensation	17	510
Accrued interest	34	32
Change in short term deposits	-	1
Decrease (Increase) in trade accounts receivable, net	1,021	(1,365)
(Increase) in other accounts receivable and advance payment	(533)	(116)
(Increase) in inventory	(546)	(783)
(Decrease) Increase in trade accounts payable	(714)	284
Increase in other accounts payable	366	942
Listing expenses	46	-
Change in fair value of derivative- warrants	-	145
Change in fair value of derivative- PP and CD Warrants	(3,575)	1,291
(Decrease) increase in deferred revenues	(305)	472
(increase) Decrease in deferred taxes	(8)	46
<b>Net cash used in operating activities</b>	<b>(1,243)</b>	<b>(342)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment, net	(126)	(121)
Change in short term deposits	52	138
<b>Net cash (used in) provided by investing activities</b>	<b>(74)</b>	<b>17</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of bank loans	(973)	(807)
Receipt of bank loans	878	454
Lease payments	(10)	(27)
Convertible debenture proceeds	581	-
Private placement proceeds, net	-	3,234
Exercise of options	117	-
Exercise of warrants	187	472
<b>Net cash provided by financing activities</b>	<b>780</b>	<b>3,326</b>
<b>Effect of foreign exchange rate changes on cash</b>	<b>(73)</b>	<b>85</b>
<b>Decrease in cash and cash equivalents</b>	<b>(610)</b>	<b>3,086</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>2,599</b>	<b>319</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,989</b>	<b>3,405</b>

\*Represent an amount lower than 1 thousand.

**The accompanying notes are an integral part of the financial statements.**

**WATER WAYS TECHNOLOGIES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS - APPENDICES**  
**(US Dollar in thousands)**

**APPENDIX A - AMOUNT PAID DURING THE PERIOD FOR:**

	<b>For the nine months period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Interest	34	32

**The accompanying notes are an integral part of the financial statements**

**WATER WAYS TECHNOLOGIES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(US Dollar in thousands)**

**NOTE 1 – GENERAL:**

- A. Water Ways Technologies Inc. ("**Water Ways**", "**WWT**" or the "**Company**") 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 Exchange ("**TSX-V**" or "**Exchange**") Policy 2.4. Water Ways Technologies Inc. is the parent company of Irri-Al-Tal Ltd. ("**Irri-Al-Tal**" or "**IAT**"), Heartnut Grove WWT Inc. ("**HGWWT**"), Zoryan Trade S.A. ("**Zoryan**") and Maravey Corporation S.A. ("**Maravey**"), and indirectly through Irri-Al-Tal of H.D.P Irrigation Ltd. ("**H.D.P**") and IRRI-AL TAL (Shanghai) Agriculture Technology Company Ltd. ("**IRRI-AL TAL (Shanghai)**" or "**IAT Shanghai**"). The Company's registered address and principal place of business is 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1.
- B. Water Ways is an agriculture technology company that specializes in providing water irrigation solutions to agricultural producers. The Company 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.
- C. 1. Irri-Al-Tal was incorporated on October 11, 2003, under the laws of the State of Israel.  
2. On March 6, 2019, Water Ways completed its qualifying transaction by completing a reverse takeover with Irri-Al-Tal.  
3. On June 17, 2019, the Company acquired certain assets of Heartnut Grove Inc. ("**Heartnut**") and established HGWWT.  
4. On October 27, 2019, Water Ways, thorough Irri-Al-Tal, established a new Israeli company, H.D.P, of which Irri-Al-Tal holds a 73% interest.  
5. On February 26, 2020, H.D.P established a new wholly owned subsidiary in the Republic of China, IRRI-AL TAL (Shanghai).  
6. On September 2, 2020, Water Ways acquired 52% interest in two companies, incorporated and existing in the Oriental Republic of Uruguay, Zoryan and Maravey.
- D. The 2019 Novel Coronavirus infection ("**Coronavirus**", "**Covid-19**" or the "**Event**") pandemic poses a major public health threat. It has hindered the movement of people and goods worldwide, and many governments are instituting restrictions on both individuals and businesses. The resulting impact on financial reporting will be significant. Significant development and spread of the coronavirus did not take place until January 2020, with the World Health Organization (WHO) announcing the coronavirus as a global health emergency on January 30, 2020, which prompted national governments around the world to begin putting actions in place to slow the spread of Covid-19. Furthermore, significant measures taken by the Chinese government and by private sector organizations did not take place until early 2020.

**WATER WAYS TECHNOLOGIES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(US Dollar in thousands)**

**NOTE 1 – GENERAL (CONT.):**

On March 11, 2020, the WHO declared Covid-19 a global pandemic and suggested worldwide containment and mitigation measures. In response to the pandemic, the Company has adjusted its business practices with a focus on the health and well-being of our employees and their families, customers, partners, service providers, and communities. Certain of the Company's offices have been subject to government-mandated lockdowns for some periods of time and the Company's supply chains have been adversely affected. However, the Company's teams have been able to perform their functions remotely without meaningful reductions in the Company's ability to service its customers. The Company has not experienced any cancellations of existing orders or agreements but has experienced many delays in orders from vendors. As a result, customer orders were delayed as well. While attitudes are now more positive as a result of vaccination developments, experience of a successive waves vary significantly around the world and may change rapidly as we have seen in the past. In the meantime, comparisons between periods have been affected by delays pushing revenues into following periods and may have resulted in some apparently adverse comparisons where normal conditions might have resulted in a smoother growth curve.

The Company continues to take all appropriate precautions both in its operations and in its planning yet it encounters delays in projects, especially in IAT Shanghai, where government's zero-COVID policy takes place and millions of people in several regions in China were under quarantine during the period. The Company hopes that the Event will create demand in certain countries for self-sustaining food supplies in times of world crisis. The Company also hopes that there will be a growing demand for smart irrigation solutions in countries that are aware of the risk of shortage in food supplies that will seek to grow more crops domestically. The Event's impact on the Company is still causing delays in 2022 projects in China where operations have declined very significantly throughout these 9 months. However, the company has seen improvement in the second half of 2022 in its Chinese business and signed two irrigation projects.

- E. The geopolitical situation of tension in Ukraine intensified on February 24, 2022, with Russia's invasion of Ukraine (the "**Conflict**"). The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. In addition to the human toll and impact of the events on entities that have operations in Russia, Ukraine, or neighboring countries or that conduct business with their counterparties, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. Because of its broader impact on these macroeconomic conditions, the Company may need to consider the war's effect on certain accounting and financial reporting matters. The degree to which the Company is or will be affected by them largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. The impact of the Conflict on the Company has caused delays in 2022 projects in Uzbekistan and other regional territories which conduct business with Russia and may be expected to continue to do so in unpredictable fashion.

**WATER WAYS TECHNOLOGIES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(US Dollar in thousands)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:**

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. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ending December 31, 2021. 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 on April 28, 2022.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. *De-facto* control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether *de-facto* control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the Company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

The consolidated financial statements present the results of WWT and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements of the Company include the accounts of the Company and the following subsidiaries:

**WATER WAYS TECHNOLOGIES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(US Dollar in thousands)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

<u>Entity Name</u>	<u>Jurisdiction of Incorporation</u>	<u>Percentage of WWT Ownership (Direct and Indirect)</u>
Water Ways Technologies Inc.	Canada	Parent Company
Irri-Al-Tal Ltd.	Israel	100%
Heartnut Grove WWT Inc.	Canada	100%
H.D.P Irrigation Ltd.	Israel	73%
IRRI-AL TAL (Shanghai) Agriculture Technology Company Ltd.	People's Republic of China	73%
Maravey Corporation S.A.	Oriental Republic of Uruguay	52%
Zoryan Trade S.A.	Oriental Republic of Uruguay	52%

**NOTE 3 - SUBSTANTIAL EVENTS DURING THE REPORTED PERIOD**

- A. On January 12, 2022, the Company announced that it had entered into an agreement with Desarrollo de Sistemas Hidraulicos S.A. ("**Hidrotop**"), an irrigation company based in Chile, and the shareholders of Hidrotop (collectively the "**Sellers**") for the acquisition (the "**Acquisition**") of 51% of the shares of Hidrotop (the "**Shares**"). In consideration for the Shares, WWT paid an aggregate acquisition price of \$3,500, upon closing of the Acquisition (the "**Closing**") consisting of: (i) a one-time cash payment equal to \$2,000; and (ii) issue 5,686,364 common shares in the capital of Water Ways (the "**Subject Shares**") at a deemed price per Subject Share of CDN\$0.33, subject to a standard four month and one day hold period from Closing (the "**Hold Period**"). The Subject Shares will be issued as directed by the Sellers. The Acquisition (including the issuance of the Subject Shares) is subject to the fulfillment of certain conditions precedent as are customary for transactions of this nature including the approval of the TSX Venture Exchange.
- B. On August 23, 2022 the Company announced that its board of directors had approved the execution of a definitive agreement (the "**SPA**") for the acquisition (the "**Acquisition**") of 51% of the shares (the "**Shares**") of Hidrotop. The SPA provides that closing of the Acquisition is subject to the completion of certain customary conditions precedent as are customary for transactions of this nature including the approval of the TSX Venture Exchange, which was received on September 14, 2022. In addition to the Hold Period, the Subject Shares will be subject to an escrow agreement governing their release in accordance with the following timeline: 25% of the Subject Shares (the "**Release Amount**") will be released at the end of the Hold Period and further releases, each of a Release Amount, to be released upon the dates which are 6, 9, 12 months, respectively, from the Closing. Closing is expected to take place by the end of 2022 or beginning of 2023 subject to fulfillment of certain conditions under the SPA.

**WATER WAYS TECHNOLOGIES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(US Dollar in thousands)**

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

C. On July 22, 2022 the Company announced the closing, subject to receipt of all regulatory approvals and final TSX Venture Exchange approval, of the Financing (see Note 4B) of 746 CD (Convertible Debenture, as explained more fully in Note 4B, below) Units at a price of CAD\$1 per CD Unit, for CD Gross Proceeds of CAD\$746.

**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. The Authorized Capital of the Company includes an unlimited number of Ordinary Shares.

**Shares, Warrants, Options and Convertible Debentures outstanding as of September 30, 2022:**

<u>Security</u>	<u>Number Outstanding</u>	<u>Exercise Price in CAD\$</u>	<u>Expiry Date</u>
Ordinary shares	145,820,345	-	
Options for directors	800,000	0.25	6/3/2024
Options for employees	2,973,527	0.06	25/6/2024
Options for directors and employees	800,000	0.06	14/5/2025
PP Warrant (First Tranche)	25,832,346	0.18	30/6/2024
PP Warrant (Second Tranche)	9,113,375	0.18	3/8/2024
Finder Warrant (First Tranche)	2,145,653	0.12	30/6/2024
Finder Warrant (Second Tranche)	900,545	0.12	3/8/2024
Participant Options for directors and employees	1,410,000	0.195	29/8/2026
Convertible Debentures' conversion rights	2,131,429	0.35	22/7/2024
CD Warrant	2,131,429	0.45	22/7/2024
CD Finder Warrant	149,200	0.35	22/7/2024
<b>Total securities</b>	<b>194,207,849</b>		

**A. Private Placement**

- On June 30 and July 27, 2021, the Company announced the escrow closing of the first tranche (the "**First Tranche**") and the second tranche (the "**Second Tranche**"), respectively, of a private placement (the "**Offering**") of up to 33,333,333 units (the "**PP Units**") at a price of CAD\$0.12 per PP Unit. The First Tranche and Second Tranche escrow closing resulted in the issuance of 27,016,666 and 10,022,850 PP Units, respectively. Each PP Unit is composed of one common share of the Company and one common share purchase warrant (the "**PP Warrants**").
- On August 8, 2021, the Company announced that it had received oversubscriptions for the Offering, fulfilled all escrow conditions for both tranches, resulting in the release from escrow to the Company, of an aggregate amount of \$3,574 (equivalent to CAD\$4,445) (the "**Aggregate Gross Proceeds**").

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**NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):**

**A. Private Placement (cont.)**

Pursuant to the Offering, the Company issued an aggregate of 37,039,516 PP Units at a price of CAD\$0.12 per Unit. Each PP Unit is composed of one common share of the Company and one PP Warrant. Each whole PP Warrant entitles the holder thereof to acquire one additional common share of the Company (each a "**Warrant Share**"), upon payment to the Company of CAD\$0.18 per Warrant Share until June 30, 2024 (in respect of 27,016,666 PP Warrants) and August 3, 2024 (in respect of 10,022,850 PP Warrants), however, that if, following July 1, 2022, the volume weighted average price is CAD\$0.24, the Company may, upon providing written notice to the holders of the PP Warrants, accelerate the expiry date of the PP Warrants to the date that is 30 days following the date of such written notice.

**B. Convertible Debentures Placement**

On June 27, 2022 the Company announced a private placement (the "**Financing**") of up to 1,000 units (the "**CD Units**") at a price of CAD\$1 (one thousand) per CD Unit, for gross proceeds of up to CAD\$1,000 (one million) (the "**CD Gross Proceeds**"). Each CD Unit is comprised of one unsecured convertible debenture (each a "**Convertible Debenture**") with a principal amount of CAD\$1 (the "**Subscription Price**") and 2,857 common share purchase warrant (each whole common share purchase warrant, a "**CD Warrant**") with each CD Warrant exercisable, upon payment of an additional CAD\$0.45, into one additional common share in the capital of the Company (a "**Common Share**"). If the Company does not repay the Subscription Price on or before the date that is 24 months from the Closing Date (the "**Term**"), the Term will be extended by an additional 12 months (the "**Revised Maturity Date**") and the Company will be obligated to pay a penalty in cash only, equal to 10% of any amounts of the Subscription Price that were outstanding and not repaid at the end of the Term. The Convertible Debentures shall bear an annual interest rate of 8% payable quarterly in cash only. The Convertible Debentures are subject to conversion into Common Shares, at the option of the holder, at a conversion price of CAD\$0.35 per Common Share (the "**Conversion Price**"), provided that if, following the date that is 4 months and 1 day following the closing of the Financing (the "**Closing Date**") the volume weighted average price ("**VWAP**") of the Common Shares for any 10 consecutive trading days equals or exceeds CAD\$0.525, the Company may, upon providing written notice to the holders of the Convertible Debentures, force the conversion of the Convertible Debentures to the date that is 30 days following the date of such written notice. In the event that following the date that is 4 months and 1 day following the Closing Date, the VWAP of the Common Shares of for any 10 consecutive trading days equals or exceeds CAD\$0.675, the Company may, upon providing written notice to the holders of the CD Warrants, accelerate the expiry date of the CD Warrants to the date that is 30 days following the date of such written notice. The Company expects to pay finder's fees in association with the Financing, payable in cash, of up to 7% of the CD Gross Proceeds, as well as the issuance of finder warrants as is equal to 7% of the CD Units sold ("**CD Finder Warrant**"). Each CD Finder Warrant will be exercisable into a Common Share of the Company

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**NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):**

**B. Convertible Debentures Placement (cont.)**

upon payment by the holder thereof of CAD\$0.35 per CD Finder Warrant.

On July 22, 2022 the Company announced the closing, subject to receipt of all regulatory approvals and final TSX Venture Exchange approval which was received on November 2, 2022, of the Financing of 746 CD Units at a price of CAD\$1 per CD Unit, for CD Gross Proceeds of CAD\$746. Pursuant to the Financing the Company issued an aggregate 2,131,429 CD Warrants. In connection with the Financing the Company issued to the finder: (i) an aggregate cash payment of CAD\$52, being an amount equal to 7% of the CD Gross Proceeds; and (ii) 149,200 CD Finder Warrants, being an amount equal to 7%.

**C. The following details the outstanding ordinary shares, warrants, compensation warrants, and stock options**

**1. Options and shares granted to employees and service providers:**

- a) on August 6, 2021, the Company granted 3,040,000 Restricted Share Units ("**Participant RSU**") to directors and employees pursuant to the terms of the Company's RSU plan. Of this amount, 1,950,000 Participant RSUs were granted to directors. The remaining 1,090,000 Participant RSU's were granted to employees.
- b) On August 29, 2021, The Company granted 1,560,000 stock options ("**Participant Options**") to directors and employees pursuant to the terms of the Company's stock option plan. Of this amount, 700,000 Participant Options were granted to directors and shall vest immediately. The remaining 860,000 Participant Options were granted to employees and shall also vest immediately. All Participant Options shall have an exercise price of CAD\$0.195 and shall expire 5 years after their grant.
- c) On November 9, 2021, The Company granted 900,000 stock options ("**Provider Options**") to a service provider pursuant to the Company's stock option plan with an exercise price of CAD\$0.24 to be vested over 12 months, with 25% due day one and 25% due every three month thereafter. During the nine months period ended September 30, 2022, the Company received instructions to exercise 450,000 Provider Options at an exercise price of \$CAD0.24 resulting in the issuance of an equal number of common shares and proceeds to the Company of \$85 (equivalent to CAD\$108). As of September 30, 2022, the remaining balance of 450,000 Provider Options has been canceled by mutual agreement.
- d) During the nine months period ended September 30, 2022, the Company received instructions to exercise 200,000 Options at an exercise price of \$CAD0.06 resulting in the issuance of an equal number of common shares and proceeds to the Company of \$9 (equivalent to CAD\$12). In addition, the Company received instructions to exercise 150,000 Participant Options at an exercise price of \$CAD0.195 resulting in the issuance of an equal number of common shares and proceeds to the Company of \$23 (equivalent to CAD\$29).

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**NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):**

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

**1. Options and shares granted to employees and directors (cont.):**

- e) On January 21, 2022, The Company announced that it had agreed to issue to an arm's length service provider 102,321 common shares in lieu of payments owing to such service provider in the aggregate amount of \$22. The Shares were issued on May 16 with final approval by the TSXV.

A summary of the status of the Company's option plan granted to employees and directors as of September 30, 2022, and changes during the relevant period ended on that date is presented below:

	<b>Nine months period ended September 30, 2022</b>		<b>Year ended December 31, 2021</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
Outstanding at beginning of year	6,333,527	CAD\$0.12	5,173,527	CAD\$0.06
Granted	-	-	1,560,000	CAD\$0.195
Exercised	350,000	CAD\$0.12	-	-
Forfeited and cancelled	-	-	400,000	-
Outstanding at end of the period	<b>5,983,527</b>	<b>CAD\$0.12</b>	<b>6,333,527</b>	<b>CAD\$0.12</b>
Exercisable options	<b>5,983,527</b>	<b>CAD\$0.12</b>	<b>6,333,527</b>	<b>CAD\$0.12</b>

The options to employees outstanding as of September 30, 2022, are comprised, as follows:

<b>Exercise price</b>	<b>Outstanding as of September 30, 2022</b>	<b>Weighted average remaining contractual term (years)</b>	<b>Exercisable as of September 30, 2022</b>	<b>Weighted average remaining contractual term (years)</b>
CAD\$0.25	800,000	1.38	800,000	1.38
CAD\$0.06	2,973,527	1.69	2,973,527	1.69
CAD\$0.06	800,000	2.59	800,000	2.59
CAD\$0.195	1,410,000	3.9	1,410,000	3.9
	<b>5,983,527</b>		<b>5,983,527</b>	

**WATER WAYS TECHNOLOGIES INC.**  
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**NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):**

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

**2. Derivative liability - Warrants:**

In accordance with IAS 32, since the exercise prices of the PP Warrants, Finder Warrants, CD Warrants and CD Finder Warrants (all collectively the "**Derivative Liability Warrants**") issued are not a fixed amount as they are denominated in a currency (Canadian dollar) other than the Company's functional currency (U.S. dollar), the Derivative Liability Warrants are accounted for as a derivative financial liability. Each warrant liability is initially measured at fair value and subsequent changes in fair value are recorded through Net and Comprehensive Profit for the period. The fair value of the Derivative Liability Warrants was determined initially using a comparable warrant quoted in an active market, adjusted for differences in the terms of the warrant. The Derivative Liability Warrants were categorized as level 3 (see Note 2 to the Audited Financial Statements - Fair value measurement).

As of September 30, 2022, the Derivative Liability Warrants fair value measurement was \$1,483.

- a) On March 11, 2021, the Company announced that prior to the expiry of its repriced Warrants, it received instructions to exercise a total of 10,036,458 Warrants (equaling 89% of all outstanding Warrants) resulting in the issuance of an equal number of common shares and aggregate proceeds to the Company of \$475 (equivalent to CAD\$602). During the three months period ended March 31, 2021, the Company received instructions to exercise 9,969,495 Warrants resulting in the issuance of an equal number of common shares and aggregate proceeds to the Company of \$472 (equivalent to CAD\$598).
- b) On June 30, 2021, the Company's Offering resulted in the issuance of 27,016,666 PP Warrant and 2,161,333 Finder Warrant (see Note 4A).
- c) On July 27, 2021, the Company's Offering resulted in the issuance of 10,022,850 PP Warrant and 1,227,468 Finder Warrant (see Note 4A).
- d) During the nine months period ended September 30, 2022, the Company received instructions to exercise 1,276,398 PP Warrants resulting in the issuance of an equal number of common shares and aggregate proceeds to the Company of \$181 (equivalent to CAD\$230). In addition, the Company received instructions to exercise 65,917 Finder Warrants resulting in the issuance of an equal number of common shares and PP Warrant and aggregate proceeds to the Company of \$6 (equivalent to CAD\$8).

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**NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):**

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

**2. Derivative liability – Warrants (cont.):**

The following table reflects the continuity of warrants (PP Warrant, Finder Warrant, CD Warrant and CD Finder Warrant) for the periods presented:

Warrant activity	Exercisable on September 30, 2022	Weighted average exercise price in CAD\$
<b>Balance – Beginning of Period</b>	39,268,317	
Issued during the period (PP Warrant)	65,917	0.18
Exercised during the period (PP Warrants)	(1,276,398)	0.18
Exercised during the period (Finder Warrant)	(65,917)	0.12
Issued during the period (CD Warrant)	2,131,429	0.45
Issued during the period (CD Finder Warrant)	149,200	0.35
<b>Balance – End of Period</b>	<b>40,272,548</b>	

Warrant activity	Exercisable on December 31, 2021	Weighted average exercise price in CAD\$
<b>Balance – Beginning of Period</b>	12,053,977	\$0.06
Issued during the period (Finder Warrant)	3,388,801	0.12
Issued during the period (PP Warrant)	37,039,516	0.18
Issued during the period (PP Warrant)	276,686	0.18
Expired during the period (Broker Warrant)	(2,084,482)	0.06
Exercised during the period (Warrants)	(9,969,495)	0.06
Exercised during the period (PP Warrants)	(1,160,000)	0.18
Exercised during the period (Finder Warrant)	(276,686)	0.12
<b>Balance – End of Period</b>	<b>39,268,317</b>	

The fair value measurement of the warrants in the table above, using the Black-Scholes model, is based on significant unobservable inputs and thus represent a level 3 measurement within the fair value hierarchy. The key inputs that were used in measuring the fair value of the Warrants were: risk free interest rate- 0.62%, expected volatility-100%, expected dividend yield 0% and expected term- 1.5 year. The Company considers expected volatility of the shares of comparable companies and its Common Shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the warrants 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.

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**NOTE 5 – SEGMENT REPORTING:**

The Company identifies Mr. Haber who is the Company's CEO and principal shareholder 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 gross profit of each segment. The information as presented in the consolidated financial statements is essentially the same information provided to the CODM and the same information regarding decisions about allocating resources. 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 way the Company's operations are managed and the availability of separate financial information. Summarized financial information by segment, based on the Company's internal financial reporting system utilized by the Company's CODM, as follows:

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**NOTE 5 – SEGMENT REPORTING (CONT.):**

For the three months period ended September 30, 2022:

		HGWWT	IAT	IAT	HGWWT	IAT Shanghai	Water Ways	Company Total
		Products		Project Services				
<i>Revenues</i>								
	External	566	1,000	343	(15)	117	-	2,011
	Inter-segment	-	4	117	-	-	-	121
<i>Total</i>		566	1,004	460	(15)	117	-	2,132
<i>Segment gross profit</i>		48	238	115	(15)	13	-	399
<u>Non-allocated:</u>								
	Expenses							854
	Finance income, net							56
	<b>Loss before provision for income taxes</b>							<b>(399)</b>

For the nine months period ended September 30, 2022:

		HGWWT	IAT	IAT	HGWWT	IAT Shanghai	Water Ways	Company Total
		Products		Project Services				
<i>Revenues</i>								
	External	4,105	2,947	1,576	350	490	-	9,468
	Inter-segment	-	189	117	-	-	-	306
<i>Total</i>		4,105	3,136	1,693	350	490	-	9,774
<i>Segment gross profit</i>		643	511	344	65	124	-	1,687
<u>Non-allocated:</u>								
	Expenses							2,378
	Finance income, net							3,445
	<b>Profit before provision for income taxes</b>							<b>2,754</b>

**WATER WAYS TECHNOLOGIES INC.**  
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**NOTE 5 – SEGMENT REPORTING (CONT.):**

For the three months period ended September 30, 2021:

	HGWWT	IAT	IAT	HGWWT	IAT Shanghai	Water Ways	Company Total
	Products		Project Services				
Revenues	358	1,256	1,021	16	237	-	2,888
Cost of revenues	330	1,100	810	15	190	-	2,445
Segment gross profit	28	156	211	1	47	-	443
Non-allocated expenses							1,357
Finance expenses, net							1,226
<b>Loss before provision for income taxes</b>							<b>(2,140)</b>

For the nine months period ended September 30, 2021:

	HGWWT	IAT	IAT	HGWWT	IAT Shanghai	Water Ways	Company Total
	Products		Project Services				
Revenues	2,999	3,195	4,903	376	1,117	9	12,599
Cost of revenues	2,343	2,829	4,048	285	739	4	10,248
Segment gross profit	656	366	855	91	378	5	2,351
Non-allocated expenses							2,712
Finance expenses, net							1,583
<b>Loss before provision for income taxes</b>							<b>(1,944)</b>

**WATER WAYS TECHNOLOGIES INC.**  
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**NOTE 5 – SEGMENT REPORTING (CONT.):**

Non-current assets as of September 30, 2022:

	<b>HGWWT</b>	<b>IAT</b>	<b>IAT Shanghai</b>	<b>Water Ways</b>	<b>Company Total</b>
Deferred tax asset	-	30	-	-	30
Other accounts receivable	-	115	-	-	115
Intangible assets	73	167	612	-	852
Goodwill	130	-	786	-	916
Property, plant and equipment, net (including ROU asset)	126	313	3	-	442

Non-current assets as of December 31, 2021:

	<b>HGWWT</b>	<b>IAT</b>	<b>IAT Shanghai</b>	<b>Water Ways</b>	<b>Company Total</b>
Deferred tax asset	16	23	-	-	39
Other accounts receivable	-	125	-	-	125
Intangible assets	85	185	689	-	959
Goodwill	130	-	786	-	916
Property, plant and equipment, net (including ROU asset)	96	260	5	-	361

**WATER WAYS TECHNOLOGIES INC.**  
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**NOTE 6 – REVENUES:**

**1. Geographic Areas Information:**

The following present total revenues for the nine months period ended September 30, 2022 and 2021:

	<b>For the nine months period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Canada	4,455	3,384
South and Central America	3,384	2,810
Asia	515	4,950
Africa	740	453
Israel	244	797
Europe	96	189
Others	34	16
<b>Total revenues</b>	<b>9,468</b>	<b>12,599</b>

**2. Principal Customers:**

Major customers of the Company's revenues:

	<b>For the nine months period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Customer A	15%	23%
Customer B	9%	12%
Customer C	7%	8%