



Water Ways

technologies

Water Ways Technologies Inc.

Management's Discussion and Analysis

For the Three and Nine Months Periods Ended September 30, 2023

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

1. INTRODUCTION

The following discussion and analysis are management's assessment of the results of operation and financial condition of Water Ways Technologies Inc. ("**Water Ways Technologies**", "**Water Ways**", "**WWT**", or the "**Company**") and its subsidiaries (individually and collectively as the context requires) and constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months period ended September 30, 2023.

The following information should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and nine months period ended September 30, 2023, together with the notes thereto, as well as the audited consolidated financial statements for the year ended December 31, 2022 and the notes thereto.

The date of this management's discussion and analysis ("**MD&A**") is November 29, 2023. The Company's financial statements and therefore the comparative amounts in this MD&A have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board. References to "\$", "USD" or "US\$" refer to United States dollars unless otherwise indicated. References to "CAD\$" or "CDN\$" dollars refer to Canadian dollars. References to "NIS" refer to New Israeli Shekels. All the amounts in the report, and in the financial statements and Notes, regardless of currency are referenced in thousands (other than amounts relating to the exercise price of securities or other per share amounts).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

*This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("**forward-looking information**"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Water Ways Technologies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under "Risks and Uncertainties" in this MD&A.*

Although Water Ways Technologies has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and Water Ways Technologies disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

2. DESCRIPTION OF BUSINESS

Corporate Structure

Water Ways Technologies was incorporated under the Business Corporations Act (Ontario) on April 20, 2007. The Company's registered address is 77 King Street West, Suite 2905, Toronto-Dominion Centre Toronto, Ontario, M5K 1H1.

Water Ways has the following operating subsidiaries:

Irri-Al-Tal Ltd. ("**Irri-Al-Tal**" or "**IAT**"), a wholly owned subsidiary of Water Ways Technologies, incorporated on October 11, 2003, under the laws of the State of Israel. Irri-Al-Tal's registration number is 513467944, with its registered and head office address is P.O. Box 7, Kibbutz Ramat-David 3658700, Israel.

Heartnut Grove WWT Inc. ("**HGWWT**"), a wholly owned subsidiary of Water Ways Technologies, incorporated on June 3, 2019, under the laws of the Province of Ontario, Canada. HGWWT's registered address and its principal place of business are 21831 Cooks Road, Mount Brydges, Ontario, N0L 1W0, Canada.

H.D.P Irrigation Ltd. ("**H.D.P Irrigation**" or "**H.D.P**"), a company of which Irri Al-Tal holds a 73% interest, incorporated on October 27, 2019, under the laws of the State of Israel. H.D.P's registered and head office address are P.O. Box 7, Kibbutz Ramat-David 3658700, Israel.

IRRI-AL TAL (Shanghai) Agriculture Technology Company Ltd. ("**IRRI-AL TAL (Shanghai)**" or "**IAT Shanghai**"), a wholly owned subsidiary of H.D.P, incorporated on February 26, 2020, under the laws of the People's Republic of China. IRRI-AL TAL (Shanghai)'s registered address is Room 368, Part 302, 211 Fu Te North Road, Shanghai, China, Pilot Free Trade Zone.

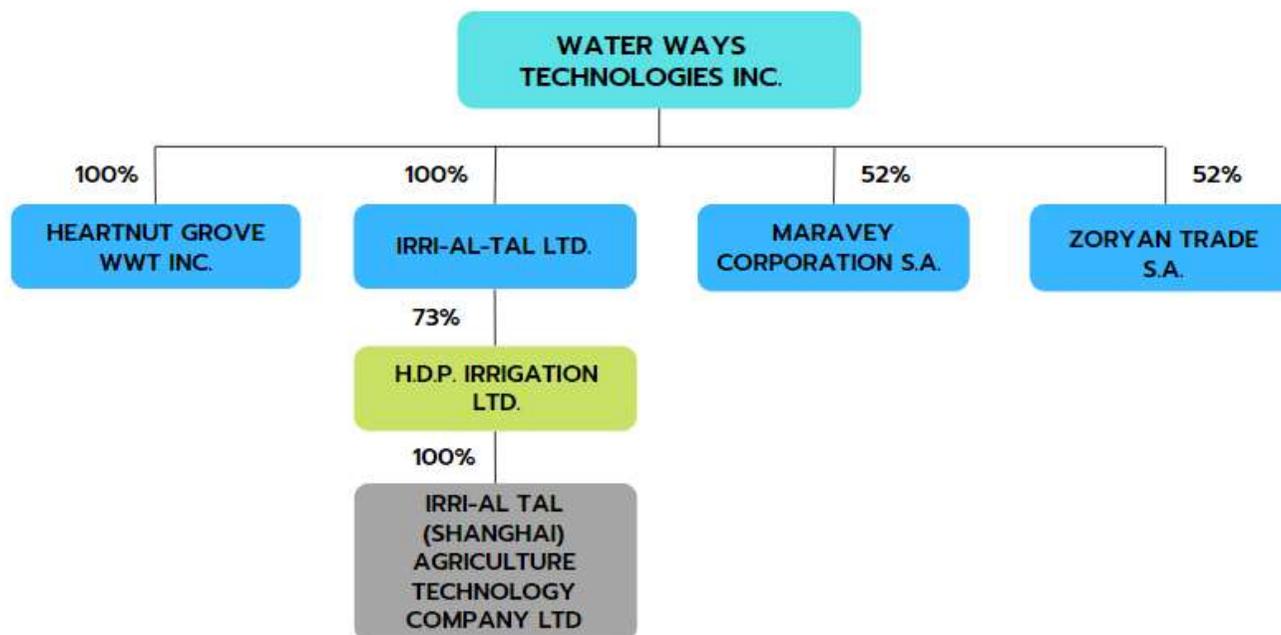
Maravey Corporation S.A. ("**Maravey**"), a company of which Water Ways Technologies holds a 52% interest. Maravey was incorporated under the laws of the Oriental Republic of Uruguay. Currently, Maravey has no operations.

Zoryan Trade S.A. ("**Zoryan**"), a company of which Water Ways Technologies holds a 52% interest. Zoryan was incorporated under the laws of the Oriental Republic of Uruguay. Currently, Zoryan has no operations.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023



Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

2. DESCRIPTION OF BUSINESS (CONT.)

Overview of Operations

Water Ways is an agriculture technology company that specializes in providing water irrigation and agriculture solutions to agricultural producers. Water Ways Technologies 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.

There are several methods of irrigation, and they vary in how water is supplied to the plants with the goal being uniform application of water to all plants such that each plant precisely gets the amount of water it needs. Surface irrigation is the oldest form of irrigation and has been in use for thousands of years. In surface (furrow, flood or level basin) irrigation systems, water moves across the surface of agricultural lands, in order to infiltrate the soil and hydrate plants. It is often called flood irrigation when the irrigation results in flooding or near flooding of the cultivated land. Historically, this has been the most common method of irrigating agricultural land and is still used in many parts of the world. However, by its nature, it is excessive in its consumption of water.

Water Ways Technologies has developed DataWays, a precise irrigation system that enables agricultural operators to make data-driven decisions on how and when to irrigate their crops, enabling the same or better functional application with significantly reduced consumption of water.

The system collects real-time data from sensors installed in the field, allowing the client to analyze the data and control the system. The system is currently on trial in several projects in Serbia, Israel and Mexico.

Water Ways Technologies has also implemented many turn-key agricultural and aqua-cultural projects with innovative irrigation and water systems in Canada, Israel, China, South Africa, Mexico, Peru, Colombia, Ethiopia, Uzbekistan and more.

Water Ways Technologies' main revenue streams are derived from the following business units:

- i) Project Services Business Unit; and
- ii) Products - Component and Equipment Sales Unit.

As part of Water Ways mission to expand its business plan into the global legal medical cannabis sector, usually grown in indoor facilities, the Company has launched its Internet of Things ("IOT") controlled irrigation and fertilization system for cannabis cultivators and growers. Developed in Israel by the Company's Research & Development team, the system is one of the first in the world designed for the specific needs of cannabis growers and cultivators. Cannabis cultivation site-tested and market ready, the system allows for higher yields and consistency for cannabis growing while reducing energy, water and fertilization costs. The system can be implemented in other type of indoor growing facilities, for high quality growing, like berries and others.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

2. DESCRIPTION OF BUSINESS (CONT.)

Significant Developments During the Period

- A. 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. As of September 30, 2023, total advance payment to suppliers with respect to the three Uzbeki projects was \$428. The Company is in communication with its suppliers and throughout 2022 has made agreements with respect to the advance payments, which includes return of the amounts paid or taking inventory in the value of the advance payment. The Company is in communication with the Uzbeki customer and ready to commence the project once approved. If the customer does not fulfill its part of the contracts, management will consider legal actions for material breach of contracts.

After the balance sheet date, on October 7, 2023, an attack was launched against Israel by Hamas (a terror organization) which thrust Israel into a state of war (hereinafter: "The state of war") in Israel and in the Gaza strip. The Company is continuing with its operations both in Israel and globally. The Company continues to assess the effects of the state of war on its financial statements and business.

B. Financial events

On March 3, 2023, the Company announced the closing of a private placement (the "**2023 Offering**"), subject to receipt of all regulatory approvals and final TSX Venture Exchange approval of 2,415,000 units (the "**Series B Units**") at a price of CAD\$0.13 per Series B Unit, for gross proceeds of CAD\$314 (the "**Series B Offering Gross Proceeds**"). Each Unit Series B is comprised of one Common Share in the capital of the and one half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "**Series B Warrant**") with each Series B Warrant exercisable into one additional Common Share (a "**Series B Warrant Share**" and, collectively with the Common Shares and Warrants, the "**Securities**") at a price of CAD\$0.20 for a period of 36 months from the closing date. If following July 4, 2023, the volume weighted average price ("**VWAP**") of the Common Shares for any 10 consecutive trading days equals or exceeds CAD\$0.26, the Company may, upon providing written notice to the holders of the Series B Warrants, accelerate the expiry date of the Series B Warrants to the date that is 30 days following the date of such written notice. In connection with the 2023 Offering the Company issued to Exiteam Capital Partners Ltd.: (i) an aggregate cash payment of CAD\$25 being an amount equal to 8% of the Gross Proceeds; and (ii) issue 193,200 Series

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

2. DESCRIPTION OF BUSINESS (CONT.)

B Finders Warrants (an amount equal to 8% of the Units sold (the "**Series B Finders Warrants**")). Each Series B Finder Warrant will be exercisable into a Series B Unit (consisting of a Common Share and half a Series B Warrant) upon payment of \$0.13 per Unit.

Significant Developments During the Period (cont.)

In addition, the Company announced the closing of a private placement (the "**2023 Financing**"), subject to receipt of all regulatory approvals and final TSX Venture Exchange approval, of the 2023 Financing of 9 units (the "**Series B CD Units**") at a price of CAD\$10.2 per Series B CD Unit (the "**Subscription Price**"), for gross proceeds of CAD\$91.8 (the "**Series B CD Gross Proceeds**"). Each Series B CD Unit comprised of one unsecured convertible debenture (each a "**Series B Convertible Debenture**") with a principal amount of CAD\$10.2 and 42,500 half of one Common Share purchase warrant (each whole such Common Share purchase warrant, a "**Series B CD Warrant**") with each Series B CD Warrant exercisable into one additional Common Share (a "**Series B CD Warrant Share**"). Aggregate amount of Series B CD Warrants to be issued is 191,250. If the Company does not repay the Subscription Price by the end of the date that is 24 months from the Closing Date (the "**Maturity Date**") the Series B Convertible Debenture only, will be extended by an additional 12 months (the "**Revised Maturity Date**") and the Company will be obligated to pay a penalty, payable in cash, equal to 10% of any amounts of the Subscription Price that were outstanding and not repaid at the end of the Maturity Date. The Series B Convertible Debentures shall bear an annual interest rate of 8%, payable quarterly in cash only (the "**Interest**").

The Series B Convertible Debentures are subject to conversion, at the option of the holder, at a conversion price of CAD\$0.24 per Common Share (the "**Conversion Price**") , provided that if, following July 4, 2023, the VWAP of the Common Shares for any 10 consecutive trading days equals or exceeds CAD\$0.36, the Company may, upon providing written notice to the holders of the Series B Convertible Debentures, force the conversion of the Series B Convertible Debentures to the date that is 30 days following the date of such written notice.

Each Series B CD Warrant will entitle the holder to purchase an additional Common Share at an exercise price of CAD\$0.30 on or before the Maturity Date, provided that if, following July 4, 2023, the VWAP of the Common Shares of for any 10 consecutive trading days equals or exceeds CAD\$0.45, the Company may, upon providing written notice to the holders of the Series B CD Warrants, accelerate the expiry date of the Series B CD Warrants to the date that is 30 days following the date of such written notice.

In connection with the 2023 Financing the Company will issue to Exiteam Capital Partners Ltd.: (i) an aggregate cash payment of CAD\$7, being an amount equal to 8% of the Series B CD Gross Proceeds; and (ii) issue 30,600 Series B Finder Warrants (an amount equal to 8% of the Units sold (the "**Series B CD Finders Warrants**")). Each Series B CD Finder Warrant will be exercisable into one half of one Common Share upon payment of \$0.24 per Series B CD Finders Warrant.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

2. DESCRIPTION OF BUSINESS (CONT.)

Significant Developments During the Period (cont.)

C. Operational events

1. On January 5, 2023, the Company announced it has received an order to deliver and install a turnkey Banana irrigation project in the Asian country of Laos. The total value of the order is approximately \$687. The Company expects to commence the project during Q2, 2023. Delivery and installation of the system will take place during 2023 and Q1 of 2024 and revenues are expected to be recognized during the installation period.
2. On March 13, 2023, the Company announced that it has received an order to install a wind-block system for a recurring client who ordered an irrigation system for its blueberry project. The total value of the order is \$75 and the Company expects to recognize revenues in respect of this order in the first and second quarters of 2023.
3. On March 22, 2023, the Company announced that it has signed an agreement to design and supply a complete smart irrigation and fertigation system for a recurring customer. The first stage of the project, with a total expected value of \$628, will use the latest Israeli technologies for smart irrigation, fertigation and control systems and are designed by Water Ways' engineers. The installation of the project is expected to begin in Q3 2023 and continue throughout the first months of 2024. Commissioning of the system is expected at the end of Q1 2024. HGWWT expects to recognize revenues accordingly.
4. On May 11, 2023, the Company announced that it has received an order for supplying components for a Blueberries smart irrigation project in Peru. The \$370 order includes irrigation control units, fertigation systems, Hydraulic Valves and filtration systems. Water Ways expects to deliver the order during June of 2023 and recognize revenues in Q2 of 2023.
5. On June 19, 2023, the Company announced that its Canadian subsidiary, HGWWT, has entered into a distribution agreement with Agroscoout Ltd., an Israeli Agri-tech firm that has created an agricultural intelligence system based on AI analytics of high-resolution images from farmers' fields.
6. On August 8, 2023, the Company announced that it has received a third order to deliver smart irrigation equipment to a blueberry grower in Mexico. The total value of the order is \$134 and Water Ways expects to recognize revenue and deliver the order in Q4 of 2023.
7. On September 5, 2023, the Company announced that its Canadian subsidiary, HGWWT, has received an order for plastic film to cover Carrot growing fields in Canada. The total value of the order is \$146. The order is expected to be supplied to the client in 2023, and HGWWT expects to recognize revenues accordingly.
8. On September 5, 2023, the Company announced that its Canadian subsidiary, HGWWT, has received orders totaling \$292 for degradable plastic film designed to provide essential support to vegetable and fruit growers. The orders are slated for delivery during the first and second quarters of 2024, aligning with the growing season and agricultural needs in Canada, and HGWWT expects to recognize revenues accordingly.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

2. DESCRIPTION OF BUSINESS (CONT.)

Subsequent Events

1. On October 7, 2023, an attack was launched against Israel by Hamas (a terror organization) which thrust Israel into a state of war (hereinafter: "The state of war") in Israel and in the Gaza strip. The Company is continuing with its operations both in Israel and globally. The Company continues to assess the effects of the state of war on its financial statements and business.
2. On October 24, 2023, the Company announced that its Canadian subsidiary, HGWWT, has received an order for a smart irrigation system from a large flower nursery located in Ontario. The \$56 is expected to be supplied to the client in the fourth quarter of fiscal 2023 and HGWWT expects to recognize revenues accordingly.
3. On November 13, 2023, the Company announces that the Company wishes to provide an update regarding its Chinese subsidiary IRRI - ALTAL (Shanghai) Agriculture Technology Co., Limited "**Irri Shanghai**").

On October 2, 2020, the Company entered into an agreement (the "**Agreement**") for the formation of Irri Shanghai. Pursuant to the Agreement the parties agreed that in consideration for 50% of Irri Shanghai (the "**Chinese Shares**"), the Company would issue, at the discretion of the Company's board of directors (the "**Board**") at some time in the future, post October 2, 2020, to its Chinese partner in Irri Shanghai (the "**Vendor**"), common shares in the capital of the Company ("**Common Shares**") equal to US\$700,000 (the "**Aggregate Consideration**") at a price per Common Share of CAD\$0.25, equaling a total 3,594,360 Common Shares (the "**Subject Shares**"). The Company reported the obligation to issue the Subject Shares as a contingent liability on its financial statements. The Company now wishes to advise that the Board has determined to issue the Subject Shares.

Financial Review

	<u>As of September</u> <u>30, 2023</u>	<u>As of December</u> <u>31, 2022</u>	<u>As of December</u> <u>31, 2021</u>
<i>Balance Sheet Items:</i>			
Cash and Cash Equivalents	257	1,064	2,599
Total Current Assets	6,409	6,890	9,685
Total Assets	8,528	9,230	12,085
Total Current Liabilities	4,825	4,758	6,078
Total Non-Current Liabilities	1,599	2,694	6,775

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

2. DESCRIPTION OF BUSINESS (CONT.)

Financial Review (cont.)

	<u>For the nine months period ended September 30,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Income (Loss) Items:</i>			
Total Revenues	5,991	9,468	12,599
Total Gross Profit	990	1,687	2,351
Total Profit (Loss)	127	2,762	(1,993)
Basic profit (loss) per share	0.0009	0.019	(0.018)
Diluted profit (loss) per share	0.0006	0.014	(0.018)

Summary of quarterly results:

(In Thousands)	<u>30/09/2023</u>	<u>30/06/2023</u>	<u>31/03/2023</u>	<u>31/12/2022</u>
Total revenues	\$ 1,230	\$ 1,721	\$ 3,040	\$ 1,342
Gross profit (loss)	\$ 168	\$ 168	\$ 655	\$ 100
Profit (loss) for the period	\$ 102	\$ (250)	\$ 276	\$ 1,380
Basic profit (loss) per share	\$ 0.0007	\$ (0.0017)	\$ 0.0019	\$ 0.009
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>31/03/2022</u>	<u>31/12/2021</u>
Total revenues	\$ 2,011	\$ 3,788	\$ 3,669	\$ 3,561
Gross profit (loss)	\$ 399	\$ 646	\$ 642	\$ 609
Profit (loss) for the period	\$ (355)	\$ 2,668	\$ 449	\$ (3,311)
Basic profit (loss) per share	\$ (0.002)	\$ 0.018	\$ 0.003	\$ (0.024)

Revenues by areas of operation

The following present total revenues for the three and nine months period ended September 30, 2023 and 2022:

	<u>For the three months period ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Canada	620	551
South and Central America	381	841
Asia	44	118
Africa	54	437
Israel	121	63
Europe	10	1
Other	-	-
Total revenues	1,230	2,011

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

2. DESCRIPTION OF BUSINESS (CONT.)

Financial Review (cont.)

	For the nine months period ended September 30	
	2023	2022
Canada	3,332	4,455
South and Central America	1,212	3,384
Asia	899	515
Africa	263	740
Israel	179	244
Europe	86	96
Other	20	34
Total revenues	5,991	9,468

Major customers of the Company's revenues:

	For the nine months period ended September 30	
	2023	2022
Customer A	11%	15%
Customer B	5%	9%
Customer C	4%	7%

Revenues

For the three and nine months period ended September 30, 2023, total revenues amounted to \$1,230 and \$5,991, respectively, compared to \$2,011 and \$9,468 for three and nine months period ended September 30, 2022. The decline in revenues can primarily be attributed to three factors. Firstly, the company's strategic decision to discontinue working with unprofitable and unstable customers and territories played a significant role. Instead, the company shifted its focus to developed countries. This deliberate change in focus and customer restructuring ultimately resulted in a decrease in the company's revenues. Secondly, the reduction in revenues can also be attributed to the effects of stagnation and inflation. These factors greatly impacted customers, making it more difficult for them to afford loans and financial services. Consequently, customers are encountering challenges in acquiring goods for inventory, a situation different from previous years. Additionally, they are facing obstacles in financing their projects due to the impact on interest rates and borrowing costs. Thirdly, global climate changes, especially in Canada, have contributed to lower-than-expected sales of Silage products. The dry season has led to decreased revenues from Silage products in HGWWT, resulting in high inventory levels and reduced overall revenues.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

2. DESCRIPTION OF BUSINESS (CONT.)

Financial Review (cont.)

For the three and nine months period ended September 30, 2023, revenues from service projects amounted to \$87 and \$1,223, respectively, compared to \$444 and \$2,416 for three and nine months period ended September 30, 2022. The factors contributing to the decrease in revenue from projects are primarily attributed to stagnation and inflation, compounded by the challenges customers face in securing financing for these projects. In territories with low inflation rate, such as China, the Company did not encounter any problem in obtaining projects and IAT Shanghai in the main contributor to the Company's projects revenue segment.

For the three and nine months period ended September 30, 2023, revenues from sales of products amounted to \$1,143 and \$4,768, respectively, compared to \$1,567 and \$7,053 for three and nine months period ended September 30, 2022. The main reason for the decrease in revenue from products is primarily due to customers shifting their purchasing behavior from ordering bulk stock, as observed in previous years, to placing precise and specific orders for goods. In addition, portion of the revenues in HGWWT was shifted to the second quarter due to seasonality factors and revenue recognition practices.

Cost of revenue

For the three and nine months period ended September 30, 2023, cost of revenues amounted to \$1,062 and \$5,001, respectively, compared to \$1,612 and \$7,781 for three and nine months period ended September 30, 2022. The decrease was due to the associated decrease in total revenues from projects over the period.

For the three and nine months period ended September 30, 2023, cost of revenues in service projects amounted to \$30 and \$922, respectively, compared to \$331 and \$1,882 for three and nine months period ended September 30, 2022. The decrease was due to the associated decrease in revenues of service projects over the period.

For the three and nine months period ended September 30, 2023, cost of revenues in products amounted to \$1,032 and \$4,079, respectively, compared to \$1,281 and \$5,899 for three and nine months period ended September 30, 2022. The decrease was due to the associated decrease in revenues of service projects over the period.

Selling, general and administrative and marketing expenses

For the three and nine months period ended September 30, 2023, selling, general and administrative and marketing expenses amounted to \$488 and \$1,772, respectively, compared to \$854 and \$2,378 for the three and nine months period ended September 30, 2022. The Company has initiated a cost reduction which includes, as necessary, a headcount reduction of 15% combined with salary reduction of 20%.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

2. DESCRIPTION OF BUSINESS (CONT.)

Financial Review (cont.)

Finance income

For the three and nine months period ended September 30, 2023, finance income amounted to \$436 and \$1,050, respectively, compared to \$118 and 3,555 for the three and nine months period ended September 30, 2022. The decrease is mainly attributed to the revaluation in fair value through profit and loss of the Company's warrants and convertible debentures (see Note 4 in the unaudited condensed consolidated interim financial statements).

3. LIQUIDITY AND CAPITAL RESOURCES

The consolidated financial statements to which this MD&A relates have been prepared on a going concern basis whereby Water Ways Technologies is assumed to be able to realize its assets and discharge its liabilities in the normal course of operations. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption was not appropriate for the Company's financial statements, then adjustments of a material nature would be necessary in the carrying value of assets.

As of September 30, 2023, Water Ways Technologies had a working capital of \$1,584 compared with \$2,132 for the year ended December 31, 2022. The working capital consists of current assets of cash and cash equivalents, short term deposits, accounts receivables, other receivables, inventory, less current liabilities of accounts payable and accrued liabilities and the short-term portion of long-term loans. Water Ways Technologies expects to generate a sufficient amount of cash and cash equivalents from operations to maintain the Company's current capacity to generate cash flow and be able to achieve modest financial targets through organic growth.

In order to assist with meeting short-term financial needs to fund operations, as of September 30, 2023, Water Ways Technologies has access to the following sources of financing: credit lines with a major Israeli bank totaling \$945, factoring credit line totaling \$295, credit lines with a major Canadian bank totaling \$592 and access to supplier credit of 180 days with several key suppliers. In addition, Water Ways Technologies aims to manage potential credit risk in relation to customer receivables through the use of letters of credit and trade insurance policies in an effort to reduce fluctuations in its liquidity position. The Company is broadening its sources of financing and reducing its risk as a result.

Composition of loans and line of credit:

	<u>As of September 30, 2023</u>	<u>As of December 31, 2022</u>
Total loans	1,773	1,984
Less – line of credit	(563)	(586)
Less – current portion and short-term loans	(1,102)	(1,159)
Total long-term portion of loans	108	239

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

3. LIQUIDITY AND CAPITAL RESOURCES (CONT.)

Long-term loans from banks are due as follows:

	<u>As of September 30,</u> <u>2023</u>	<u>As of December 31,</u> <u>2022</u>
First year (current portion and line of credit)	1,665	1,745
Second year	92	141
Third year	16	79
Fourth year and thereafter	-	19
Total loans	<u>1,773</u>	<u>1,984</u>

4. OFF BALANCE SHEET ARRANGEMENTS

Water Ways Technologies has not entered into any off-balance sheet arrangements.

5. TRANSACTIONS WITH RELATED PARTIES

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 such transactions with key management personnel. Transactions with related parties, if any, are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and approved by the related parties.

Related Party	Expense Nature	For the nine months period ended September 30, 2023	For the nine months period ended September 30, 2022
Director	Consulting Fees	24	31

The following transactions arose with related parties:

	For the three months period ended September 30	
	<u>2023</u>	<u>2022</u>
Salary paid to the CEO	18	32

	For the nine months period ended September 30	
	<u>2023</u>	<u>2022</u>
Salary paid to the CEO	59	135

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

5. TRANSACTIONS WITH RELATED PARTIES (CONT.)

Salary and related expenses paid to:

	For the three months period ended September 30	
	2023	2022
Salary paid to the CFO	30	13
Salary paid to the CTO	23	11
Salary paid to the Vice President of Operations and Projects	16	40

	For the nine months period ended September 30	
	2023	2022
Salary paid to the CFO	91	86
Salary paid to the CTO	68	76
Salary paid to the Vice President of Operations and Projects	49	153

Receivables from related parties:

	As of September 30, 2023	As of December 31, 2022
Balances owed by (to) the CEO	30	31

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK EXPOSURES

The Company's financial instruments consist of cash and cash equivalents, short-term deposits, accounts receivables, other receivables, inventory, trade payables and other accounts payable. Unless otherwise noted, it is management's opinion that Water Ways Technologies is (after appropriate provision has been made for collections problems of accounts receivable) not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK EXPOSURES (CONT.)

Management understands that Water Ways Technologies is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates as its principal operations are located in Israel, and the Company's functional and presentation currency is the USD. Water Ways Technologies does not use hedges or other derivative instruments to reduce its exposure to foreign currency risk.

Water Ways Technologies is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process. The overall objectives of the Board of Directors are to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The type of risk exposure and the way in which such exposure is managed is as follows:

a) Credit risk

Water Ways Technologies has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments is remote. The Company's sales are guaranteed either by irrevocable letters of credit or a foreign trade risk insurance policy covering the majority of the Company's sales. For each project that Water Ways Technologies undertakes, the practice is to secure an irrevocable letter of credit confirmed by a reputable bank with respect to the major customer accounts.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due. As of September 30, 2023, Water Ways Technologies had working capital of \$1,584 thousand compared with \$2,132 thousand for the year ending December 31, 2022. Management believes that the Company's exposure to liquidity risk is not material.

c) Market Risk

i) Interest rate risk

Water Ways Technologies has cash and short-term investments. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. Water Ways Technologies periodically monitors the investments it makes and is satisfied with the competitive interest rates it has through its banking relationships.

ii) Foreign currency risk

Water Ways Technologies is exposed to foreign exchange risk as its research operations are conducted primarily in Israel, however the majority of income is in US Dollars; the risk exposure is only to related expenses in NIS.

d) Fair Values

The carrying values of short term deposits, trade accounts receivable, other receivables, inventory, trade accounts payable and other accounts payables approximate their fair values due to their short terms to maturity. The cash, short term investments and investments are valued using quoted market prices in active markets.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK EXPOSURES (CONT.)

None of these risks and volatilities is as significant as the revaluation which is required by IFRS each quarter for the change in value attributed to the outstanding warrants owing to the fluctuation in share price and the fact of the reporting currency being different. This fluctuation is reflected in the non-current liability and must be understood as a “liability” that will never require cash payment.

7. COMMITMENTS

Liens and security arrangements

Irri-Al-Tal recorded a floating charge over all of Irri-Al-Tal's assets in favor of an Israeli bank.

8. OTHER INFORMATION

Shares, Warrants, Finder Warrants, Options and Convertible Debentures Outstanding as of September 30, 2023:

<u>Security</u>	<u>Number</u> <u>Outstanding</u>	<u>Exercise Price in</u> <u>CAD\$</u>	<u>Expiry Date</u>
Ordinary shares	148,785,345	-	
Options for directors	700,000	0.25	6/3/2024
Options for employees	2,673,527	0.06	25/6/2024
Options for directors and employees	800,000	0.06	14/5/2025
PP Warrant (First Tranche)	25,682,346	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	1,410,000	0.195	29/8/2026
Convertible Debentures	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
Warrant - Series B	1,207,500	0.20	3/3/26
Finder Warrant - Series B	193,200	0.13	3/3/26
Convertible Debentures - Series B	382,500	0.24	3/3/25
CD Warrant - Series B	191,250	0.3	3/3/25
CD Finder Warrant - Series B	30,600	0.24	3/3/25
Total securities	198,627,899		

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

9. RISKS AND UNCERTAINTIES

The Company's business faces numerous financial and market risks, including those described below, as well as general economic and business risks (See Schedule "A").

Managements Responsibility for Financial Statements

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings (“**NI 52-109**”), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (“**DC&P**”) and internal control over financial reporting (“**ICFR**”), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- 1) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- 2) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Information

Additional information relating to the Company, the Company's quarterly and annual consolidated financial statements and other disclosure documents, are available on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com and on the Company's own website at <https://www.water-ways-technologies.com/>

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

SCHEDULE "A"

RISK FACTORS

The following is not an all-inclusive listing of risks, although the Company believes these are the more material risks that WWT faces. Risks and uncertainties that are either not known to WWT or that WWT considers at this time to be immaterial or insignificant could also be detrimental to the ongoing affairs of WWT. If any of these risks occur, WWT's business, financial position, results of operations or cash flows could be materially adversely affected.

NEW BUSINESS AREAS, GEOGRAPHIC MARKETS, AND WWT'S ABILITY TO IMPLEMENT ITS BUSINESS STRATEGY IN THOSE MARKETS

WWT's growth strategy is dependent upon expanding its product and service offerings into new business areas or new geographic markets. There can be no assurance that these new business areas and geographic markets will generate the anticipated clients and revenue. In addition, any expansion into new business areas or geographic markets could expose WWT to new risks, including compliance with applicable laws and regulations, changes in the regulatory or legal environment; different customer preferences or habits; adverse exchange rate fluctuations; adverse tax consequences; differing technology standards or end-user requirements and capabilities; difficulties staffing and managing foreign operations; infringement of third-party intellectual property rights; the cost of localizing software (including translations) or otherwise adapting its products and services for new markets; difficulties collecting accounts receivable; or difficulties associated with repatriating cash generated or held abroad in a tax-efficient manner.

WWT expects that almost all of its future revenue will be derived from its business operations outside of Israel. Execution of this business strategy is subject to a variety of risks, including operating and technical problems, regulatory uncertainties and possible delays. Operating in different international regions, could mean that revenues earned from customers may decrease in the future for a variety of reasons, including increased competition and new entrants into geographic markets in which WWT operates or intends to operate. Depending on the countries involved, any or all of the foregoing factors could have an adverse effect on WWT's business, financial condition and results of operations.

The growth and expansion of WWT's business is heavily dependent upon the successful implementation of WWT's business strategy. There can be no assurance that the Company will be successful in the implementation of its business strategy. These factors could cause WWT's expansion into new business areas or geographic markets to be unsuccessful or less profitable than its existing markets or could cause WWT's operating costs to increase unexpectedly or its sales to decrease, any of which could have an adverse effect on the Company's prospects, business, financial condition or results of operations. In addition, there can be no assurance that laws or administrative practices relating to taxation, foreign exchange or other matters in countries within which WWT intends to operate will not change. Any such change could have an adverse effect on the Company's business, financial condition and results of operations.

DEPENDENCE ON KEY PERSONNEL AND EMPLOYEES

The success of WWT is dependent on the services and performance of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. WWT strongly depends on the business and technical expertise of its management and key personnel. Due to the size of the Company, the loss of any of these individuals or WWT's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

WWT's key people, including, Ohad Haber, Asi Levi, and Tomer Bachar make significant contributions to the Company and its continued success will be dependent upon the retention of these directors, executive officers and employees, as well as the services provided by the Company's sales and administrative staff, and a number of other key managerial, marketing, planning, financial, technical and operations personnel. The loss of such key personnel could have an adverse effect on WWT's business. In addition, the Company's ability to grow its business is dependent, to a large degree, on WWT's ability to retain such employees and there can be no assurance that WWT will be able to engage the services of such personnel or retain its current personnel given the high competition for highly skilled technical, research and development, management and other employees.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

CREDIT RISK

Credit risk is the risk of financial loss to WWT if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from WWT' receivables from customers. The Company's exposure to credit risk is influenced by the individual characteristics of each customer. Although WWT establishes an allowance for doubtful accounts that represents its estimate of potential credit losses in respect of accounts receivables and historically has not experienced any significant losses related to individual customers or groups of customers in any particular geographical area, there is no assurance that the allowance for doubtful accounts will be sufficient to cover credit losses in the future and future credit losses could have an adverse effect on WWT's prospects, business, financial condition and results of operations. Furthermore, since WWT's principal office is located in the State of Israel, there is additional credit risk associated with an Israeli Company doing business in foreign jurisdictions, which in some cases have volatile social, political and economic environments.

INABILITY TO MANAGE RAPID GROWTH AND RETAIN ITS CUSTOMERS

WWT's business plan envisages further growth in its revenue and customer base. The Company's limited operating history has not to date managed such growth. WWT will likely need to expand and upgrade the reliability and scalability of its transaction processing systems, network infrastructure and other aspects of WWT' technology. WWT may not be able to expand and upgrade its personnel, technology systems and infrastructure to accommodate increases in the Company's business activity in a timely manner, which could lead to operational breakdowns and delays, loss of customers, a reduction in the growth of WWT's customer base, increased operating expenses, financial losses, increased litigation or customer claim. In addition, due to WWT' planned rapid growth, the Company will need to continue to attract, hire and retain highly skilled and motivated officers and employees. WWT may not be able to attract or retain the officers and employees necessary to manage this growth effectively.

FOREIGN OPERATIONS

WWT relies on international sales of its products in Latin America, Asia, Africa and the Middle East and WWT expects to do so to a greater extent in the future as it continues to expand its business. There are a number of risks inherent in WWT's international activities, including: unexpected changes in governmental policies in Israel or project locations concerning the import and export of goods; services and technology and other regulatory requirements; tariffs and other trade barriers; costs and risks of localizing products for foreign languages; longer accounts receivable payment cycles; limits on repatriation of earnings; the burdens of complying with a wide variety of foreign laws; and difficulties supervising and managing local personnel. As such, WWT's' operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within the control of the Company, including, but not limited to, changes in regulatory requirements, economic sanctions, risk of terrorist activities, revolution, border disputes, implementation of tariffs and other trade barriers and protectionist practices, volatility of financial markets, labour disputes and other risks arising out of foreign governmental sovereignty over the areas in which WWT' operations are conducted. Laws and policies of Israel and such foreign jurisdictions affecting foreign trade, taxation and investment may have an adverse effect on the Company's operations.

If WWT's operations are disrupted and/or the economic integrity of its contracts is threatened for unexpected reasons, its business may be harmed. In the event of a dispute arising in connection with the Company's operations in a foreign jurisdiction where WWT does conduct or will conduct its business, WWT may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. WWT may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, WWT' activities in foreign jurisdictions could be substantially affected by factors beyond their control, any of which could have an adverse effect on the Company. WWT believes that its management is sufficiently experienced to reduce these risks.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

LIQUIDITY RISK

Liquidity risk is the risk that WWT will not be able to meet its financial obligations as they fall due. WWT's approach to managing liquidity is to ensure it will always have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. There is no assurance that the Company's approach to managing liquidity will prove successful and should the Company be unable to meet its liabilities when due it could have an adverse effect on WWT's prospects, business, financial condition and results of operations.

COMPETITION

WWT operates in competitive environments that include the proprietary knowhow and ability to tailor the unique solution to specific customer needs, technological strength, speed and flexibility in responding to design or schedule changes, price, quality, delivery, cost management and financial strength. WWT's earnings could decline if its competitors or customers can provide comparable speed and quality at a lower cost, or if WWT fails to adequately invest in the range and quality of services and products its customers require. Some of the Company's competitors are larger and have greater financial and organizational resources, geographic breadth and range of services, customer bases and brand recognition than the Company. As a result, WWT's competitors may respond more quickly to technological changes or customer needs, consume lower fixed and variable unit costs, and obtain better terms for financing growth. If WWT fails to compete in any of these areas, it may lose market share and its business could be seriously harmed. There can be no assurance that WWT will not experience increased competition or that WWT will be able to maintain its profitability if its competitive environment changes.

WWT's commercial success depends upon its ability to develop new or provide its customers with improved services, using its proprietary knowhow and ability to tailor the unique solution to specific customer needs. In addition, its success depends upon its ability to offer its customers advanced technologies and products.

WWT relies on, among other things, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights. While WWT enters into confidentiality and non-disclosure agreements with its employees, consultants, customers and potential customers to attempt to limit access to and distribution of proprietary and confidential information, it is possible that:

- some or all of its confidentiality and non-disclosure agreements will not be honoured;
- third parties will independently develop equivalent technology or misappropriate the Company's technology or designs;
- disputes will arise with WWT's strategic partners, customers or others concerning the ownership of intellectual property;
- unauthorized disclosure or use of WWT's intellectual property, including source code, know-how or trade secrets will occur; or
- contractual provisions may not be enforceable.

The Company's competitors range from small venture backed enterprises with limited resources to multi-national technology companies with larger customer bases, more established name recognition and substantially greater financial, marketing, technological and personnel resources than WWT will have. These larger and better capitalized competitors may have access to capital in greater amounts and at lower costs than WWT will have, and thus, may be better able to respond to changes in the irrigation market, to compete for skilled professionals, to finance acquisitions, to fund internal growth and to compete for market share generally. Access to capital is critical to growing the Company's business, particularly in the early stages. Access to capital determines the degree to which WWT can expand its operations. Thus, if WWT is unable to maintain or increase the Company's capital on competitive terms, WWT could be at a significant competitive disadvantage, and WWT's ability to maintain or increase its revenue and earnings could be materially impaired. Also, new or existing competitors in WWT's markets could make it difficult for WWT to grow its current market share in desirable markets. In addition, the Company's competitors could offer their products and services at lower prices, and WWT may be required to reduce the Company's fees significantly to remain competitive. A fee reduction without a commensurate reduction in expenses would decrease WWT's planned profitability. WWT may not be able to compete effectively against these companies, particularly those with greater financial resources, and the Company's failure to do so could materially and adversely affect its business, financial condition and results of operations and cash flows. WWT may in the future face increased competition, resulting in narrowing bid/offer spreads which could

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

materially adversely affect the Company's business, financial condition and results of operations and cash flows.

LACK OF REVENUE GROWTH

The cost structure of WWT is largely fixed. WWT bases its cost structure on expected levels of demand for the Company's products as well as its fixed operating infrastructure. If WWT fails to increase the demand for its products and services, it may not be able to adjust its cost structure on a timely basis and its profitability may be materially adversely affected.

LIMITED NUMBER OF CUSTOMERS

WWT's revenues in the projects business unit are currently generated primarily from a limited number of customers, however WWT is not substantially dependent on any one customer or contract. The Company's customers in the unit are, or are expected to be, generally small and medium-sized agricultural operators located in emerging markets and are subject to an unpredictable business and operating environment. This means that, if several of WWT's customers cease doing business with WWT, or for other reasons significantly reduce the scope of their projects with the Company, its business, financial condition and performance could suffer.

In addition, WWT's customers and distributors in its components and equipment sales unit are not expected to make long-term commitments to WWT regarding purchase volumes and purchases are typically made by one-time purchase orders. Furthermore, there can be no assurance that any of the Company's customers or distributors in this unit will not significantly reduce the amount of their purchases, default on, delay or dispute payment of, or seek to reject the Company's outstanding invoices, favour competitors or new entrants, or compete with WWT by expanding their private label product lines. If any of the foregoing developments were to arise, there could be an adverse effect on WWT's business, financial condition and results of operations.

DEFECTS IN PRODUCTS AND SERVICES

WWT's products and services are highly complex and sophisticated and may contain design defects or errors that are difficult to detect and correct. Defects found in the Company's new products or services could delay commercial release for an extended period of time. Errors or defects may be found in new products or services after launch and, even if discovered, WWT may not be able to successfully correct such errors or defects in a timely manner or at all. The occurrence of errors and failures in the Company's products or services could result in loss of or delay in end user acceptance of its products or services and may harm WWT's reputation. Correcting such errors and failures in its products or services could require significant expenditures by the Company, involving cost or time and effort of personnel which cannot be recovered from others (i.e. OEM, or insurance). The consequences of such errors, failures and claims could have an adverse effect on the Company's prospects, business, financial condition or results of operations. Furthermore, since the OEMs may be larger or better capitalized than WWT, and the Company may practically have limited recourse against the OEMs from which WWT procures the products and any potential claims may be difficult to prove or to enforce.

WWT MAY BE UNABLE TO RESPOND TO CUSTOMERS' DEMANDS

New products provided by WWT's competitors may render the Company's existing products less competitive. WWT's future success will depend, in part, on the Company's ability to respond to customers' demands for new products on a timely and cost-effective basis and to address the increasingly sophisticated requirements and varied needs of WWT's customers and prospective customers. WWT may not be successful in developing, introducing or marketing new products. In addition, the Company's new product enhancements may not achieve market acceptance. Any failure on WWT's part to anticipate or respond adequately to customer requirements or changing industry practices, or any significant delays in the development, introduction or availability of new products or product enhancements could have an adverse effect on the Company's business, financial condition and results of operations and cash flows.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

OPERATIONAL AND FINANCIAL INFRASTRUCTURE

WWT is subject to growth-related risks, capacity constraints and pressure on its internal systems and controls, as well as control and monitoring of marketing activities of the Company's sales agents in other countries. The ability of WWT to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. WWT intends to expand its employee base, and this expansion may require WWT to commit financial, operational and technical resources in advance of an increase in the size of the business, with no assurance that the volume of business will increase or that such initiatives to improve and upgrade its systems and infrastructure will be successful. The inability to deal with this growth or any failure in these initiatives could have an adverse effect on the Company's prospects, business, financial condition or results of operations.

UNCERTAIN ECONOMIC HEALTH OF THE WIDER ECONOMY

WWT's revenue streams are dependent on the overall macro-economic environment. Current and future conditions in the domestic and global economies remain uncertain. Accordingly, adverse developments in the macro-economic environment could substantially reduce the funds spent on the products and services offered by WWT and have an adverse effect on the Company's prospects, business, financial condition or results of operations.

Demand for WWT's products is influenced by general economic and consumer trends beyond the Company's control. There can be no assurance that WWT's business and corresponding financial performance will not be adversely affected by general economic or consumer trends. In particular, global economic conditions are still tight, and if such conditions continue, recur or worsen, there can be no assurance that they will not have an adverse effect on WWT's business, financial condition and results of operations.

Furthermore, such economic conditions may produce downward pressure on stock prices and have produced such pressure on the availability of credit from financial institutions for the Company. If these levels of market disruption and volatility continue, WWT might experience reductions in business activity, increased funding costs and funding pressures (as applicable), a decrease in the market price of its shares, a decrease in asset values, write-downs and impairment charges and lower profitability.

CURRENCY FLUCTUATIONS

WWT's functional currency is NIS but an increasing proportion of the Company's revenue may be earned and expenses may be incurred in other currencies, including the USD. The movement of any of these currencies against the NIS or USD could have an adverse effect on the Company's prospects, business, financial condition and results of operations. As WWT continues to expand its international operations, WWT becomes more exposed to the effects of fluctuations in currency exchange rates.

POTENTIAL POLITICAL, ECONOMIC AND MILITARY INSTABILITY IN MIDDLE EAST AND ISRAEL, WHERE IRRI-AL-TAL'S CORPORATE OFFICE ARE LOCATED

WWT's principal corporate offices and principal research and development facilities are located in Israel. Accordingly, political, economic and military conditions in and surrounding Israel may directly affect its business. Since the State of Israel was established in 1948, a number of armed conflicts have occurred between Israel and its neighbors. Terrorist attacks and hostilities within Israel; the hostilities between Israel and Hezbollah and between Israel and Hamas; the conflict between Hamas and Fatah; as well as tensions between Israel and Iran, have also heightened these risks, including extensive hostilities in November 2012 and from July to August 2014 along Israel's border with the Gaza Strip, which resulted in missiles being fired from the Gaza Strip into Israel. There can be no assurance that attacks launched from the Gaza Strip will not reach our facilities, which could result in a significant disruption of our business. In addition, there are significant ongoing hostilities in the Middle East, particularly in Syria and Iraq, which may impact Israel in the future. Any hostilities involving Israel, a significant increase in terrorism or the interruption or curtailment of trade between Israel and its present trading partners, or a significant downturn in the economic or financial condition of Israel, could materially adversely affect the Company's operations. Ongoing and revived hostilities or other Israeli political or economic factors could have an adverse effect on its business, operating results and financial condition.

It is unknown as to how the volatile climate currently hinders Israel's international trade relations and whether they still may limit the geographic markets where WWT can operate. Any resumption of hostilities involving

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

Israel or threatening Israel, or the interruption or curtailment of trade between Israel and its present trading partners, could have an adverse effect on the Company's operations albeit that there is no direct evidence of this having been the case over the past conflicts. Security and political instability in the Middle East and Israel in particular may harm the Company's business. A majority of the Company's staff, as well as its research and development facilities, are located in Israel. Accordingly, security and political conditions in the Middle East in general, and in Israel in particular, could directly affect WWT's business. Any armed conflicts or political instability in the region, including acts of terrorism or any other hostilities involving or threatening Israel could have a negative effect on business conditions and could make it more difficult for WWT to conduct its operations in Israel and/or increase its costs and adversely affect its financial results. Furthermore, some neighbouring countries, as well as certain companies and organizations continue to participate in a boycott of Israeli firms and others who do business with Israel or with Israeli companies. However, generally this is not the case with the major corporations in the industry that deal with Israel. Restrictive laws, policies or practices directed towards Israel or Israeli businesses could have an adverse impact on the expansion of WWT's business. These factors may also adversely affect the Company's ability to conduct business in its Project Financing Sub-Unit as any deterioration in international trade relations may affect the security of the letters of credit as WWT may have difficulty enforcing its rights under the letters of credit with its counterparties located in foreign jurisdictions.

WWT's operations could be disrupted by the absence for significant periods of one or more of its senior management, key employees or a significant number of other employees because of military service. A number of the Company's senior management and the majority of its male employees in Israel under the age of 45 are obliged to perform military reserve duty, which accumulates annually from several days to up to two months in special cases and circumstances. The length of such reserve duty depends, among other factors, on an individual's age and prior position in the military. In addition, if a military conflict occurs, these persons could be required to serve in the military for extended periods of time. Any disruption in the Company's operations as a result of military service by key personnel could harm its business.

On October 7, 2023, an attack was launched against Israel by Hamas (a terror organization) which thrust Israel into a state of war (hereinafter: "The state of war") in Israel and in the Gaza strip. The Company is continuing with its operations both in Israel and globally. The Company continues to assess the effects of the state of war on its financial statements and business.

REDUCTION OF PROJECT BACKLOG

WWT cannot guarantee that the dollar value estimated in its current project backlog will be realized or, if realized, will result in profits. Projects may remain in the Company's backlog for an extended period of time. In addition, project cancellations or scope adjustments may occur from time-to-time with respect to contracts reflected in WWT's backlog. Backlog reductions adversely affect the revenue and profit that WWT actually receives from contracts reflected in its backlog. Future project cancellations and scope adjustments could further reduce the dollar amount of the Company's backlog and the revenues and profits that WWT actually receives. Some of the of the Company's contracts for professional services with its clients are terminable by the clients on short notice. If a reduction in WWT's backlog occurs, WWT could incur costs resulting from reductions in staff that would have the effect of reducing its profits.

RELIANCE ON INDEPENDENT MANUFACTURING COMPANIES FOR SUPPLY OF PRODUCTS

Loss of WWT's relationships with OEMs on which it relies for the manufacture of its products could have an adverse effect on the Company's operations. As a result of WWT's' key manufacturers, funding, supply chain, technical, and/or other difficulties experienced by the OEMs could adversely affect WWT' ability to deliver its products to its customers on time. Any significant delivery delays could negatively impact the Company's future revenue and may have an adverse effect on the business, financial position or results of operations of WWT. In addition, it is possible that the OEMs may face high demand for their products and not be able to supply WWT with the products that it needs, and/or when it needs them. Trade barriers, such as tariffs imposed by governments on import, also have the potential to disrupt the Company's supply chain, necessitating WWT to find other suppliers on short notice. Such tariffs could also impose additional costs on

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

the Company, negatively impacting its profitability.

WWT's exclusive sourcing from the OEMs also exposes it to risks, including:

- political instability, civil unrest and economic instability;
- currency fluctuations;
- limitations on the repatriation of capital;
- greater difficulty enforcing intellectual property rights and weaker laws protecting such rights;
- natural disasters and greater difficulty and expense in recovering from them;
- changes in governmental policies;
- changes in international labour costs, labour strikes disruptions or lockouts;
- difficulties in moving materials and products from one country to another, including port congestion, strikes and other transportation delays and interruptions;
- difficulties in controlling the quality of raw materials and components used to manufacture WWT' products, which may lead to public health and other concerns regarding its products; and
- potential challenges to the Company's transfer pricing determinations and other aspects of its cross-border transactions which may impact income tax expense.

Due to WWT's reliance on the sourcing of materials from Israeli companies, its business, financial condition and performance could be significantly and materially harmed if any of the risks described above were to occur. As most of OEMs that WWT deals with are based in Israel, they may be subject to additional risks that Israeli-based companies are subject to generally.

CRIME AND BUSINESS CORRUPTION RISK

WWT conducts business in regions which have experienced high levels of business corruption and other criminal activity. WWT and its personnel are required to comply with applicable anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act, as well as local laws in all areas in which WWT does business. These, among other things, include laws in respect of the monitoring of financial transactions and provide a framework for the prevention and prosecution of corruption offences, including various restrictions and safeguards. However, there can be no guarantee that these laws will be effective in identifying and preventing money laundering and corruption. The failure of some of the governments where WWT does business to fight corruption or the perceived risk of corruption could have an adverse effect on the local economies. Any allegations of corruption or evidence of money laundering in those countries could adversely affect ability of those countries to attract foreign investment and thus have an adverse effect on its economy which in turn could have an adverse effect on the Company's business, results of operations, financial condition and prospects. Moreover, findings against WWT, the directors, the officers or the employees of the Company, or their involvement in corruption or other illegal activity could result in criminal or civil penalties, including substantial monetary fines, against WWT, the directors, the officers or the employees of the Company. Any government investigations or other allegations against the Company, the directors, the officers or the employees of WWT, or finding of involvement in corruption or other illegal activity by such persons, could significantly damage the Company's reputation and its ability to do business and could have an adverse effect on its financial condition and results of operations.

ACCESS TO VARIOUS PARTS, COMPONENTS, AND RAW MATERIALS

WWT obtains its raw materials, component parts, and finished products from multiple vendors. WWT requires access to various parts, components, and raw materials at competitive prices to assemble products within its component business segment. Changes in the availability and price of these parts, components, and raw materials, which have changed significantly and rapidly at times and are affected by factors like demand and freight costs, can significantly increase the costs of production. Due to price competition in the market for irrigation equipment and certain infrastructure products, WWT may not be able to recoup increases in these costs through price increases for its products, which would result in reduced profitability. Whether increased operating costs can be passed through to the customer depends on several factors, including farm income and the price of competing products. Further, WWT relies on a limited number of suppliers for certain raw materials, parts and components in the manufacturing process. Disruptions or delays in supply or significant price increases from these suppliers could adversely affect the Company's operations and profitability. Such disruptions, terminations or cost increases could result in cost inefficiencies, delayed sales or reduced sales.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

WWT's reliance on third parties (including the OEMs and external consultants) for research and development may have an adverse effect on the Company's business, financial position and revenue. WWT relies on the OEMs and third-party consultants for the innovation and development of its products, including Precise Irrigation System. It is possible for these parties to terminate the relationship with WWT or supply a competitor with the same products it delivers to the Company, this may cause WWT to lose its competitive place in the market. The reliance on the OEMs for the supply and research and development of products poses a risk that may negatively impact the profitability and financial sustainability of the Company.

RAPID TECHNOLOGY CHANGE

The precise irrigation segment of the market that is targeted by WWT is characterized by rapid technological change, evolving industry standards, frequent new product introductions and short product life cycles. To keep pace with the technological developments, achieve product acceptance and remain relevant to users, WWT will need to continue developing new and upgraded functionality of its products and services and adapt to new business environments and competing technologies and products developed by its competitors. The process of developing new technology is complex and uncertain. To the extent WWT is not able to adapt to new technologies and/or standards, experiences delays in implementing adaptive measures or fails to accurately predict emerging technological trends and the changing needs of end-users, WWT may lose clients and/or fail to secure new clients. WWT has developed and is continuing to develop a number of products and services incorporating advanced technologies and it will pursue those products and services that it expects to have the best chance for success based on the Company's expectations of future market demand. The development and application of new technologies involve time, substantial costs and risks. There can be no certainty that WWT will be able to develop new products, services and technologies to keep up to date with developments and, in particular, to launch such products, services or technologies in a timely manner or at all. There can be no certainty that such products will be popular with end-users or that such products or new technologies will be reliable, robust and not susceptible to failure. Any of these factors could have an adverse effect on the Company's prospects, business, financial condition or results of operations.

CHANGES IN TAX LAWS

Changes in taxation rates or law, or misinterpretation of the law or any failure to manage tax risks adequately could result in increased charges, financial loss, including penalties and reputational damage, which could have an adverse effect on WWT's prospects, business, financial condition and results of operations.

The policy of WWT is to manage and operate its business in a way that is intended to ensure that it is resident for tax purposes solely in the State of Israel and that it has no taxable permanent establishments or other taxable presence in any other jurisdiction. However, if WWT is found to be tax resident elsewhere by establishing offices in those jurisdictions, whether on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice, this may have an adverse effect on the overall amount of tax payable by the Company.

RISKS RELATED TO INTELLECTUAL PROPERTY PROTECTION

Proprietary trade secrets and unpatented know-how are very important to WWT's business. Much of the technology used in the markets in which it competes is unprotected by patents, and the commercial success of WWT will depend primarily on its ability to obtain and maintain trade secret protection and confidentiality for the Company's products and methods. To compete in these markets, WWT relies primarily on a combination of trade secret protection, non-disclosure agreements and unregistered intellectual property to establish and protect proprietary intellectual property rights. WWT relies on trade secrets to protect certain aspects of its technology, especially where management does not believe that patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. The Company's employees, consultants, contractors, outside scientific collaborators and other advisors may unintentionally or willfully disclose confidential information to competitors, and confidentiality agreements and non-disclosure agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential or proprietary information. Enforcing a claim that a third party illegally obtained and is using trade secrets is expensive and time consuming, and the outcome is unpredictable, particularly in certain foreign jurisdictions. Moreover, competitors of WWT may independently develop equivalent knowledge, methods and know-how. Failure to obtain or maintain trade secret protection could adversely affect the Company's competitive business

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

position. Where appropriate, WWT intends to rely on patented products and applications. Management will evaluate whether to seek patent protection for its products. The Company's ability to obtain patents is uncertain and the legal protection afforded by these patents is limited and may not adequately protect its rights or permit it to gain or keep any competitive advantage. It is also costly to apply for and maintain patents in multiple jurisdictions. In addition, the scope and enforceability of patent claims is highly uncertain due to the complex nature of the relevant legal, scientific and factual issues. Changes in either patent laws or interpretations of patent laws may diminish the value of WWT's intellectual property or narrow the scope of the Company's patent protection. Even if patents are issued relating to the Company's products and processes, competitors may challenge the validity of those patents. Patents also will not protect WWT's products and processes if competitors devise ways of making products without infringing such patents.

ENVIRONMENTAL RISKS AND HAZARDS

WWT's operations are subject to various environmental laws which regulate matters such as health, safety, treatment of waste and land use. Failure to comply with applicable laws, regulations, and licensing requirements may result in enforcement actions. Penalties could include suspension or revocation of necessary licenses or permits, civil liability, or the imposition of fines. The cost of compliance, remediation, or liability could have an adverse effect on future operating results. Furthermore, the operational or financial impact of new or amended laws or regulations cannot be predicted and could have an adverse effect on the Company's financial condition and operating results.

RELIANCE ON COLLABORATIVE PARTNERS

WWT relies on Master Dealer Relationships, Dealer Relationships and other collaborative arrangements to provide services and to develop and commercialize some of its products or services in the future. There can be no assurance that WWT will be able to negotiate acceptable collaborative arrangements, that such collaborative arrangements will be successful or that WWT would not be required to relinquish certain material rights to its products or services. In addition, there can be no assurance that the Company's collaborative partners will not pursue alternative technologies or develop alternative products or services either on their own or in collaboration with others, including the Company's competitors. To the extent that WWT succeeds in entering into collaborative arrangements, it will be dependent on the efforts of third parties for the continued development of certain services or products.

Additionally, WWT employs agents and subcontractors as part of the delivery of the Company's services to its customers and as part of the development and commercialization of its products. The ultimate liability for the performance of the agents or subcontractors lies with WWT. Further, the Company's business model is based on the distribution of its products and services by third parties. If these third parties are not successful in distributing WWT's products and services it could have an adverse effect on the Company's prospects, business, financial condition or results of operations.

ADDITIONAL RISKS RELATING TO DOING BUSINESS INTERNATIONALLY

WWT is subject to risks generally associated with doing business in international markets. International markets will continue to be a focus for expansion and revenue growth. Several factors, including legal and regulatory compliance and weakened economic conditions in any of the international jurisdictions in which WWT does or will do business, or has or will have projects, could adversely affect such expansion and growth.

Additionally, WWT's entry into new international jurisdictions requires management attention and financial resources that would otherwise be spent on other parts of the business.

Some of the countries in which WWT sells or will sell products, or otherwise has or will have an international presence, are to some degree subject to political, economic, and/or social instability. International business operations expose WWT to risks and expenses inherent in operating or selling products in foreign jurisdictions, and developing and emerging markets in particular, where these risks may be heightened.

In addition to the risks mentioned elsewhere, these risks and expenses could have an adverse effect on WWT's business, results of operations or financial condition and include without limitation:

- adverse currency rate fluctuations;

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

- risks associated with complying with laws and regulations in the countries in which the Company's products are sold, and requirements to apply for and obtain licenses, permits or other approvals and the delays associated with obtaining such licenses, permits or other approvals;
- multiple, changing and often inconsistent enforcement of laws, rules and regulations;
- risks associated with reliance on international agents and representatives, including the possible failure of such agents and representatives to appropriately understand, represent and effectively market WWT's products;
- the imposition of additional foreign governmental controls or regulations, new or enhanced trade restrictions or non-tariff barriers to trade, or restrictions on the activities of foreign agents, representatives and distributors;
- increases in taxes, tariffs, customs and duties, or costs associated with compliance with import and export licensing and other compliance requirements;
- the imposition of restrictions on trade, currency conversion or the transfer of funds or limitations on the Company's ability to repatriate non-Canadian and/or non-Israeli earnings in a tax effective manner;
- the imposition of Canadian, United States, Israeli and/or other international sanctions against a country, Company, person or entity with whom WWT does business that would restricts or prohibits the Company's continued business with the sanctioned country, Company, person or entity;
- downward pricing pressure on our products in the Company's international markets, due to competitive factors or otherwise;
- laws and business practices favouring local companies;
- political, social or economic unrest or instability, including without limitation military conflicts and acts of terrorism, military repression, war or civil war, social and labour unrest, organized crime, hostage-taking and violent crime;
- expropriation and nationalization and/or renegotiation or nullification of necessary licenses, approvals, permits and contracts;
- greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- difficulties in enforcing or defending intellectual property rights; and
- the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on doing business, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Furthermore, some of the Company's operations and sales are conducted in parts of the world that experience illegal sales practices or corruption or are operated under legal systems susceptible to undue influences to some degree. Although WWT has policies and procedures in place that are designed to promote legal and regulatory compliance, the employees, business partners and consultants of WWT could take actions that violate applicable anti-corruption laws or regulations. Violations of these laws, or allegations of such violations, could result in loss, reduction or expropriation and/or have an adverse effect on the Company's business, results of operations or financial condition.

The Company's international efforts may not produce the desired levels of sales. Furthermore, WWT' experience with selling products in its current international markets may not be relevant or may not necessarily translate into favourable results if it sells in other international markets. If and when WWT enters into new markets in the future, it may experience different competitive conditions, less familiarity by customers with the Company's brand and/or different customer requirements. As a result, WWT may be less successful than expected in expanding sales in its current and targeted international markets. Sales into new international markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting WWT' overall growth and profitability. To build brand awareness in these new markets, WWT may need to make greater investments in legal compliance, advertising and promotional activity than originally planned, which could negatively impact the expected profitability of sales in those markets. These

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

or one or more of the other factors listed above may harm the Company's business, results of operations or financial condition. Any material decrease in our international sales or profitability could also adversely impact on the overall business, results of operations or financial condition of WWT.

WWT will continue to monitor developments and policies in the emerging markets in which it will operate and assess the impact thereof to its operations, however such developments cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

RISKS OF LITIGATION

Many aspects of WWT's business will involve risks that expose the Company to liability under applicable laws. These risks include, among others, disputes over trade terms with customers and other market participants, customer losses resulting from warranty claims for alleged product failure and alleged actionable customer service. Even if WWT prevails in any litigation or enforcement proceedings against the Company, WWT could incur significant legal expenses defending against the claims, even those without merit. Moreover, because even claims without merit can damage the Company's reputation or raise concerns among WWT's customers, WWT may feel compelled to settle claims at significant cost. The initiation of any claim, proceeding or investigation against the Company, or an adverse resolution of any such matter could have an adverse effect on the Company's reputation, business, financial condition and results of operations and cash flows.

USER DATA AND CYBERSECURITY RISKS

WWT may require the registration of its users prior to accessing its products or services or certain features of its products or services and it may be subject to increased legislation and regulations on the collection, storage, retention, transmission and use of user data that is collected. The Company's efforts to protect the personal information of its users may be unsuccessful due to the actions of third parties, software bugs or technical malfunctions, employee error or malfeasance, or other factors. In addition, third parties may attempt to fraudulently induce employees or users to disclose information in order to gain access to WWT's data or its users' data. If any of these events occur, users' information could be accessed or disclosed improperly. Any incidents involving the unauthorized access to or improper use of the information of users or incidents involving violation of the Company's terms of service or policies, could damage its reputation and WWT's brand and diminish its competitive position. In addition, the affected users or governmental authorities could initiate legal or regulatory action against WWT in connection with such incidents, which could cause WWT to incur significant expense and liability or result in orders or consent decrees forcing WWT to modify its business practices and remediate the effects of any such incidents of unauthorized access or use. Any of these events could have an adverse effect on the Company's prospects, business, financial condition or results of operations. The costs related to cyber security or other security threats or disruptions may not be fully insured or indemnified by other means. Occurrence of any of these events could adversely affect the Company's internal operations, the services it provides to customers, loss of competitive advantages derived from its research and development efforts, early obsolescence of its products and services, its future financial results, its reputation or its share price. WWT's current insurance policies may not protect WWT against all of such losses and liabilities. Any of these events, particularly if they result in a loss of confidence in the Company's products, could have an adverse effect on WWT's business, financial condition, results of operations and cash flows.

INTERNAL CONTROLS

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, recorded and reported and assets are safeguarded against unauthorized or improper use. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

INSURANCE RISKS

WWT expects to maintain property and casualty insurance on certain of its assets. However, not all risks are covered by insurance and there is no assurance that insurance will be consistently available on an economically feasible basis or at all. WWT may also elect not to insure against certain liabilities due to high

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

premium costs or for other reasons. Furthermore, although WWT expects to maintain insurance against such claims and in such amounts, it considers adequate, there is no assurance that such insurance policies will be sufficient to cover each and every claim or loss involving the Company. If WWT were to suffer an uninsured loss, its business, financial condition, and results of operations could face material adverse effects.

TRANSACTION RISK

Although WWT's growth strategy has not focused historically on acquisitions, WWT may in the future selectively pursue acquisitions and new businesses. Any future acquisitions may result in significant transaction expenses, dilution of equity financings (including additional Common Share issuances to the targets for a part of the acquisition) and present new risks associated with entering additional markets or offering new products and integrating the acquired companies. Because acquisitions historically have not been a core part of the Company's growth strategy, WWT will not have significant experience in successfully completing acquisitions. WWT may not have sufficient management, financial and other resources to integrate companies WWT acquires or to successfully operate new businesses and WWT may be unable to profitably operate an expanded Company. Additionally, any new businesses that WWT may acquire, once integrated with the Company's existing operations, may not produce expected or intended results.

SUBSTANTIAL CAPITAL REQUIREMENTS

WWT has limited financial resources and may require substantial additional equity or debt financing in order to carry out its business objectives, including the continued development of new and upgraded functionality of the Company's products and services. There can be no assurance that debt or equity financing or cash generated by operations would be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, or that it would be on terms acceptable to the Company. Failure to obtain sufficient financing may result in the delay or indefinite postponement of development or production on any or all of the Company's products and services which could have an adverse effect on WWT's business, financial condition and results of operations.

INTER-COMPANY TRANSFERS OF FUNDS

Since WWT's operations are carried on through Irri-Al-Tal, it will be dependent on cash flows from Irri-Al-Tal. WWT is not currently subject to or aware of any limitations on the repatriation of funds from Irri-Al-Tal in Israel. WWT has developed a cash management system to provide for the flow of funds between the Company and Irri-Al-Tal. The system provides for:

- the structuring and documentation of fund transfers as loan arrangements, capital investments and/or management services arrangements between relevant entities;
 - internal approval process by the controller and the general manager at the subsidiary level, and for certain transactions exceeding the subsidiary's authority limits, by WWT's Chief Financial Officer; and
 - compliance with internal procedures and applicable local regulations.
- If any issues arise with the repatriation of funds, it may have an adverse effect on WWT.

The Company's business is subject to risks arising from a widespread outbreak of an illness or any other communicable disease, or any other public health crisis, such as the COVID-19 pandemic, which has impacted and could continue to impact the business.

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023

In late 2019, a novel strain of COVID-19, also known as coronavirus, was reported in Wuhan, China. While initially the outbreak was largely concentrated in China, it has now spread to Israel and the United States, and infections have been reported globally. Many countries around the world, including in Israel, have significant governmental measures implemented to control the spread of the virus, including temporary closure of businesses, severe restrictions on travel and the movement of people, and other material limitations on the conduct of business. The nature of the Company's work in Israel, is such that the Company is considered an essential service industry, and therefore, are generally able to continue all of its operations in Israel with little disruption. The Company implemented remote working and work-place protocols for its employees in accordance with Israeli government requirements. Nevertheless, the COVID-19 pandemic has resulted in delays in receiving service orders from customers which has resulted in a decrease in revenues in recent periods. The extent to which COVID-19 continues to impact the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain COVID-19 or treat its impact.