



Water Ways

technologies

WATER WAYS TECHNOLOGIES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30,
2023

(UNAUDITED)

WATER WAYS TECHNOLOGIES INC.

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NOTICE TO SHAREHOLDERS

The accompanying unaudited condensed consolidated interim financial statements of WATER WAYS TECHNOLOGIES INC. for the nine months ended September 30, 2023, have been prepared by management in accordance with International Financial Reporting Standards applicable to consolidated interim financial statements (Note 2). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited condensed consolidated interim financial statements, management is satisfied that these unaudited condensed consolidated interim financial statements have been fairly presented.

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

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

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

	<u>Note</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>
CURRENT ASSETS:			
Cash and cash equivalents		257	1,064
Restricted Cash		13	14
Trade accounts receivable, net		2,805	2,402
Other accounts receivable		332	464
Advance payments for projects		428	697
Inventory		2,574	2,249
Total current assets		6,409	6,890
NON-CURRENT ASSETS:			
Deferred tax asset		87	88
Other accounts receivable		105	114
Intangible assets, net		706	808
Goodwill		916	916
Property, plant and equipment, net		305	414
Total non-current assets		2,119	2,340
TOTAL ASSETS		8,528	9,230
CURRENT LIABILITIES:			
Short term loans, current portion of long-term loans and line of credit		1,665	1,745
Lease liabilities		14	17
Trade accounts payable		2,751	2,674
Deferred revenues		-	29
Other accounts payable		395	293
Total current liabilities		4,825	4,758
NON-CURRENT LIABILITIES:			
Long-term loans		108	239
Contingent liability		365	365
Share issuance liability		700	700
Lease liabilities		-	10
Tax liability		117	135
Convertible debenture	3	293	406
Derivative - warrants	3	16	839
Total non-current liabilities		1,599	2,694
SHAREHOLDERS' EQUITY:			
Share capital	3	*	*
Additional paid in capital		7,529	7,307
Reserves		177	200
Retained deficit		(5,686)	(5,796)
Water Ways Technologies Inc shareholders' equity		2,020	1,711
Non-controlling interest		84	67
Total shareholders' equity		2,104	1,778
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,528	9,230

* Represent an amount lower than 1 thousand.

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

November 29, 2023

Date of approval

Ohad Haber
CEO & Executive Director

Asi Levi
CFO

WATER WAYS TECHNOLOGIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(US Dollars in thousands, except for share and per share amounts)

	Note	For the three months period ended September 30		For the nine months period ended September 30	
		2023	2022	2023	2022
		Unaudited	Unaudited	Unaudited	Unaudited
Revenues:	5				
Services		87	444	1,223	2,415
Products		1,143	1,567	4,768	7,053
Total revenues		1,230	2,011	5,991	9,468
Cost of revenues:					
Services		30	331	922	1,882
Products		1,032	1,281	4,079	5,899
Total cost of revenues		1,062	1,612	5,001	7,781
Gross profit		168	399	990	1,687
Sales and marketing expenses		124	220	629	802
General and administrative expenses		364	634	1,143	1,576
Operating loss		(320)	(455)	(782)	(691)
Finance expenses		(22)	(62)	(155)	(110)
Finance income		-	-	4	119
Revaluation of derivatives		436	118	1,046	3,436
Profit (loss) before taxes on income		94	(399)	113	2,754
Tax on income (recovery)		(8)	(44)	(14)	(8)
Profit (loss) for the period		102	(355)	127	2,762
Other comprehensive expense:					
Item that will not be reclassified to profit or loss:					
Foreign currency translation differences		(66)	23	(16)	(5)
Total other comprehensive loss		(66)	23	(16)	(5)
Net comprehensive income (loss)		36	(332)	111	2,757
Profit for the period attributed to:					
Non-controlling interests		2	23	17	30
Water Ways Technologies Inc Shareholders'		34	(378)	110	2,732
Profit (loss) for the period		36	(355)	127	2,762
Total Comprehensive income (loss) for the period attributed to:					
Non-controlling interests		2	23	17	30
Water Ways Technologies Inc Shareholders'		34	(355)	94	2,727
Net comprehensive income (loss)		36	(332)	111	2,757
Basic profit per share attributable to shareholders :		0.0007	(0.002)	0.0009	0.019
Weighted average number of common shares outstanding:		148,748,388	145,820,345	148,035,785	145,282,033
Diluted profit per share attributable to shareholders :		0.0005	(0.002)	0.0006	0.014
Weighted average number of common shares outstanding:		148,748,388	145,820,345	197,724,078	190,876,115

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

WATER WAYS TECHNOLOGIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(US Dollars in thousands, except for share and per share amounts)

For the nine months period ended September 30, 2023:

	Number of Shares	Share capital	Additional paid-in capital	Retained deficit	Capital reserve for share-based payment	Currency translation adjustment	Total	Non- controlling interests	Total Shareholders' equity
Balance at January 1, 2023	145,970,345	*	7,307	(5,796)	203	(3)	1,711	67	1,778
Net income				110			110	17	127
<i>Other comprehensive income (loss):</i>									
Exchange differences on translating foreign operation						(16)	(16)	-	(16)
Total comprehensive income	-	-	-	110	-	(16)	94	17	111
Exercise of Options to employees and directors	400,000	-	26	-	(7)		19	-	19
Private placement, net	2,415,000	*	196	-	-	-	196	-	196
Balance at September 30, 2023	148,785,345	*	7,529	(5,686)	196	(19)	2,020	84	2,104

*Represent an amount lower than 1 thousand

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

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

For the nine months period ended September 30, 2022:

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

*Represent an amount lower than 1 thousand

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

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

	<u>For the nine months period ended September 30, 2023</u>	<u>For the nine months period ended September 30, 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) for the period	127	2,762
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	182	192
Stock based compensation	-	17
Loss from sale of fixed asset	6	-
Accrued interest	39	34
Decrease (increase) in trade accounts receivable, net	(403)	1,021
Decrease (increase) in other accounts receivable	141	(533)
Decrease in project advance payments	269	-
Increase in inventory	(325)	(546)
Increase (decrease) in trade accounts payable	75	(714)
Increase in other accounts payable	103	366
Listing expenses	-	46
Change in fair value of derivatives –warrants and convertible debentures	(1,046)	(3,575)
Increase (decrease) in deferred revenues	(29)	(305)
Increase (decrease) in deferred taxes	(17)	(8)
Net cash (used in) operating activities	<u>(878)</u>	<u>(1,243)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment, net	(8)	(126)
Sale of property, plant and equipment, net	40	-
Change in restricted cash	1	52
Net cash used in investing activities	<u>33</u>	<u>(74)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of bank loans	(1,147)	(973)
Receipt of bank loans	1,018	878
Line of credit	67	-
Lease payments	(12)	(10)
Convertible debenture proceeds, net	62	581
Private placement proceeds, net	214	-
Exercise of options	19	117
Exercise of warrants	-	187
Net cash provided by financing activities	<u>221</u>	<u>780</u>
Effect of foreign exchange rate on cash (decrease) Increase in cash and cash equivalents	<u>(183)</u>	<u>(73)</u>
Cash and cash equivalents at beginning of the period	<u>1,064</u>	<u>2,599</u>
Cash and cash equivalents at the end of the period	<u><u>257</u></u>	<u><u>1,989</u></u>

*Represent an amount lower than 1 thousand.

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

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

APPENDIX A - AMOUNT PAID DURING THE PERIOD FOR:

	For the nine months period ended September 30	
	2023	2022
Loan Interest	60	34
Convertible debenture interest	36	-

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

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

NOTE 1 – GENERAL:

- A. Water Ways Technologies Inc. ("**Water Ways**", "**WWT**" or the "**Company**") was incorporated under the Business Corporations Act (Ontario) on April 20, 2007. Water Ways is an agriculture technology company that specializes in providing water irrigation solutions to agricultural producers. The Company competes in the global irrigation water systems market with a focus on developing solutions with commercial applications in the micro and precision irrigation segments of the overall market. The Company's registered address is 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1.
- B. The accompanying condensed consolidated interim financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred recurring operating losses and negative cash flows from operating activities in the nine months period ended September 30, 2023, and in the prior two fiscal years 2022 and 2021, such that as of September 30, 2023, the Company had accumulated losses of \$5,686 and a net gain in the amount of \$127 for the nine months ended September 30, 2023. As a result of the forementioned above, the Company depends on fundraising from new and existing investors to finance its activities.
- C. On March 3, 2023, the Company completed a financing for gross proceeds of \$303 (see Note 3A and 3B).
- D. 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.
- E. 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

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

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.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

These consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financials were prepared based on the same accounting policy as the annual financials. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ending December 31, 2022. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS are not included in these condensed consolidated interim financial statements as signed on November ___, 2023.

Basis of consolidation

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

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Business Combination

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

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

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

NOTE 3 – SHAREHOLDERS' EQUITY:

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

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 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.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(US Dollars in thousands)

NOTE 3 – SHAREHOLDERS' EQUITY (CONT.):

A. Equity Private Placements (cont.)

On March 3, 2023, the Company announced the closing of a private placement (the "**2023 Offering**") of 2,415,000 units (the "**Series B Units**") at a price of CAD\$0.13 per Series B Unit, for gross proceeds of \$232 (equivalent to CAD\$314) (the "**Series B Offering Gross Proceeds**"). Each Unit Series B is comprised of one Common Share 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. The aggregate amount of Series B Warrants issued is 1,207,500. 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 the finder: (i) an aggregate cash payment of \$18 (equivalent to CAD\$25) being an amount equal to 8% of the Gross Proceeds; and (ii) issue 193,200 Series 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 CAD\$0.13 per Unit.

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

NOTE 3 – SHAREHOLDERS' EQUITY (CONT.):

B. Convertible Debentures Placement

On March 3, 2023, the Company announced the closing of a private placement (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 \$71 (CAD\$92) (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**"). The aggregate amount of Series B CD Warrants 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 issued to Exiteam Capital Partners Ltd.: (i) an aggregate cash payment of \$5 (CAD\$7), being an amount equal to 8% of the Series B CD Gross Proceeds; and (ii) 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.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(US Dollars in thousands)

NOTE 3 – SHAREHOLDERS' EQUITY (CONT.):

B. Convertible Debentures Placement (cont.)

1. The convertible debentures, as well as the warrants were classified as a derivative financial liability and its fair value measurement was applied using a binomial model, based on the Cox, Ross Rubinstein (1979) method, is based on significant unobservable inputs and thus represents a level 3 measurement within the fair value hierarchy (see Note 2 in the Audited Financial Statements).
2. The following table reflects the fair value composition of the Convertible Debenture:

	2023	2022
Balance – Beginning of Period	406	-
Receipts of Convertible Debenture securities	71	579
Fair value revaluation	(184)	(173)
Balance – End of Period	293	406

C. The Following Details the Outstanding Ordinary Shares, Warrants, Compensation Warrants and Stock Options

1. Options and shares granted to employees, directors and service providers:

- a) During the nine months period ended September 30, 2023, the Company issued 400,000 common shares in respect of exercised options for gross proceeds of \$19 (equivalent to CAD\$25).

A summary of the status of the Company's option plan granted to employees and directors as of September 30, 2023, and changes during the relevant period ended on that date is presented below:

	For the nine months period ended September 30, 2023		Year ended December 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of year	5,983,527	CAD\$0.12	6,333,527	CAD\$0.12
Granted	-	-	-	-
Exercised	400,000	CAD\$0.06	350,000	CAD\$0.12
Forfeited and cancelled	-	-	-	-
Outstanding at end of the period	5,583,527	CAD\$0.12	5,983,527	CAD\$0.12
Exercisable options	5,583,527	CAD\$0.12	5,983,527	CAD\$0.12

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

NOTE 3 – SHAREHOLDERS' EQUITY (CONT.):

C. The Following Details the Outstanding Ordinary Shares, Warrants, Compensation Warrants and Stock Options (cont.)

1. Options and shares granted to employees, directors and service providers (cont.):

The options to employees and directors outstanding as of September 30, 2023, are comprised, as follows:

<u>Exercise price</u>	<u>Outstanding as of September 30, 2023</u>	<u>Weighted average remaining contractual term (years)</u>	<u>Exercisable as of September 30, 2023</u>	<u>Weighted average remaining contractual term (years)</u>
CAD\$0.25	700,000	0.62	700,000	0.62
CAD\$0.06	2,673,527	0.93	2,673,527	0.93
CAD\$0.06	800,000	1.83	800,000	1.83
CAD\$0.195	1,410,000	3.14	1,410,000	3.14
	<u>5,583,527</u>		<u>5,583,527</u>	

2. Derivative liability - Warrants:

In accordance with IAS 32, since the exercise prices of previously issued warrants and convertible debentures (all collectively, the "**Derivative Liability Warrants**") issued are not a fixed amount as they are denominated in a currency (Canadian dollar) other than the Company's functional currency (U.S. dollar), the Derivative Liability Warrants are accounted for as a derivative financial liability. Each warrant liability is initially measured at fair value and subsequent changes in fair value are recorded through the Net and Comprehensive Profit for the period. The fair value of the Derivative Liability Warrants was determined initially using a comparable warrant quoted in an active market, adjusted for differences in the terms of the warrant.

The Derivative Liability Warrants were categorized as level 3 (see Note 2 to the Audited Financial Statements - Fair value measurement).

As of September 30, 2023, the Derivative Liability Warrants fair value measurement was \$16.

During the year ended December 31, 2022, the Company issued 1,426,398 common shares in respect of the exercise of PP Warrants for gross proceeds of \$200 (CAD\$257). In addition, the Company issued 65,917 common shares in respect of the exercise of 65,917 Finder Warrants for gross proceeds of \$6 (CAD\$8).

WATER WAYS TECHNOLOGIES INC.
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NOTE 3 – SHAREHOLDERS' EQUITY (CONT.):

C. The Following Details the Outstanding Ordinary Shares, Warrants, Compensation Warrants and Stock Options (cont.)

2. Derivative liability – Warrants (cont.):

The following table reflects the continuity of the Derivative Liability Warrants for the periods presented:

Warrant activity	Exercisable on September 30, 2023	Weighted average exercise price in CAD\$
Balance – Beginning of Period	40,122,548	
Issued during the period (Series B Warrant)	1,207,500	0.20
Issued during the period (Series B Finder Warrant)	193,200	0.13
Issued during the period (Series B CD Warrant)	191,250	0.30
Issued during the period (Series B CD Finder Warrant)	30,600	0.24
Balance – End of Period	41,745,098	

Warrant activity	Exercisable on December 31, 2022	Weighted average exercise price in CAD\$
Balance – Beginning of Period	39,268,317	
Issued during the period (PP Warrant)	65,917	0.18
Exercised during the period (PP Warrants)	(1,426,398)	0.18
Exercised during the period (Finder Warrant)	(65,917)	0.12
Issued during the period (CD Warrant)	2,131,429	0.45
Issued during the period (CD Finder Warrant)	149,200	0.35
Balance – End of Period	40,122,548	

The following table reflects the fair value composition of Derivative Liability Warrants:

	2023	2022
Balance – Beginning of Period	\$ 839	\$ 5,037
Issuance of Series B Warrants	24	-
Issuance of Series B Broker Warrants	12	-
Issuance of Series B CD Warrants	3	-
Issuance of Series B CD Broker Warrants	*	-
Issuance of CD Warrants	-	77
Exercise of PP Finder Warrants	-	(8)
Exercise of PP Warrants	-	(129)
Fair value revaluation	(862)	(4,138)
Balance – End of Period	\$ 16	\$ 839

The warrants were classified as a derivative financial liability and its fair value measurement was applied using a binomial model, based on the Cox, Ross Rubinstein (1979) method, is based on significant unobservable inputs and thus represents a level 3 measurement within the fair value hierarchy (see Note 2 in the Audited Financial Statements).

WATER WAYS TECHNOLOGIES INC.
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NOTE 4 – SEGMENT REPORTING:

The Company identifies Mr. Haber, who is the Company's CEO and principal shareholder, as its Chief Operating Decision Maker ("CODM"). As the Company's CODM, Mr. Haber receives information on a segregated basis (for review on a regular basis) of each business unit, i.e., projects (services) and products (components) as well as information segregated for geographical areas. The financial statements present within statements of comprehensive income the revenues from each segment on a standalone basis as well as gross profit of each segment. The information presented in the consolidated financial statements is essentially the same information provided to the CODM and the same information regarding decisions about allocating resources. The Company accounts for its segment information in accordance with IFRS 8 "*Segment Reporting*" which establishes annual and interim reporting standards for operating segments of a company based on the Company's internal accounting methods. Operating segments are based upon its internal organization structure, the way the Company's operations are managed and the availability of separate financial information. Summarized financial information by segment, based on the Company's internal financial reporting system utilized by the Company's CODM, as follows:

WATER WAYS TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOTE 4 – SEGMENT REPORTING (CONT.):

For the three months period ended September 30, 2023:

		HGWWT	IAT	IAT	HGWWT	IAT Shanghai	Water Ways	Company Total
		Products		Project Services				
<i>Revenues</i>								
	External	632	511	43	-	44		1,230
	Inter-segment	-	-	-				-
<i>Total</i>		632	511	43	-	44		1,230
<i>Segment gross profit (loss)</i>		243	(129)	43	-	11		168
<u>Non-allocated:</u>								
	Expenses							488
	Finance income, net							414
	Loss before provision for income taxes							94

For the nine months period ended September 30, 2023:

		HGWWT	IAT	IAT	HGWWT	IAT Shanghai	Water Ways	Company Total
		Products		Project Services				
<i>Revenues</i>								
	External	3,233	1,535	497	111	615	-	5,991
	Inter-segment	-	195	-	-	-	-	195
<i>Total</i>		3,233	1,730	497	111	615	-	6,186
<i>Segment gross profit</i>		651	41	112	33	153	-	990
<u>Non-allocated:</u>								
	Expenses							1,772
	Finance income, net							895
	Profit before provision for income taxes							113

WATER WAYS TECHNOLOGIES INC.
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NOTE 4 – SEGMENT REPORTING (CONT.):

For the three months period ended September 30, 2022:

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

For the nine months period ended September 30, 2022:

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

WATER WAYS TECHNOLOGIES INC.
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NOTE 4 – SEGMENT REPORTING (CONT.):

Non-current assets as of September 30, 2023:

	HGWWT	IAT	IAT Shanghai	Water Ways	Company Total
Deferred tax asset	-	87	-	-	87
Other accounts receivable	-	105	-	-	105
Intangible assets	53	143	510	-	706
Goodwill	130	-	786	-	916
Property, plant and equipment, net (including ROU asset)	93	211	1	-	305

Non-current assets as of September 30, 2022:

	HGWWT	IAT	IAT Shanghai	Water Ways	Company Total
Deferred tax asset	-	30	-	-	30
Other accounts receivable	-	125	-	-	125
Intangible assets	85	185	689	-	959
Goodwill	130	-	786	-	916
Property, plant and equipment, net (including ROU asset)	96	260	5	-	361

WATER WAYS TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOTE 5 – REVENUES:

1. Geographic Areas Information:

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

	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

2. Principal Customers:

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%