



## Water Ways Reports Q1 2020 Financial Results with Record Sales for the First Quarter

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TORONTO, June 15, 2020 -- Water Ways Technologies Inc. (TSXV: WWT) ("**Water Ways**" or the "**Company**") reports today its financial and business results for the three months ended March 31, 2020 (the "**Financial Statements**") and is pleased to provide highlights and comments on these results. This press release should be read in conjunction with the Financial Statements and corresponding Managements Discussion & Analysis found at [www.sedar.com](http://www.sedar.com). The Company's Financial Statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**").

Ohad Haber, President, CEO and Chairman of the Board of Water Ways, commented: *"These are challenging times in the world but I am very pleased to report that we achieved record sales in Q1 of 2020 surpassing our Q1 results both in 2019 and in 2018. Our business in Canada grew substantially and we were able to reach sales of over C\$1.1 million in the first quarter of 2020 making inroads selling to Canadian farmers. We will strive to continue to grow the business in Canada in the coming quarters. Overall the Covid-19 crisis delayed the launch of our Chinese business unit which we hope will be operational in the coming months resulting in direct sales to the Chinese market."*

### Financial Highlights for the first quarter ended March 31, 2020

The following are financial highlights of Water Ways' operating results for the three months ended March 31, 2020, compared to the three months ended March 31, 2019:

- Revenue was C\$3.21 million as compared to C\$1.98 million for the first quarter of 2019.

The recognized revenues from service projects amounted to C\$1.12 million for the three months ended March 31, 2020 as compared to C\$0.3 million for the three months ended March 31, 2019. The increase was mainly due to the increase in service projects initiated in Ethiopia and the continuation of the second cotton irrigation project in Uzbekistan.

The revenues from sales of products amounted to C\$2.08 million for the three months ended March 31, 2020 an increase from C\$1.67 million for the three months ended March 31, 2019. The increase is mainly due to sales of the Company's Canadian subsidiary, which were over C\$1.1 million.

- Gross profit reached C\$603 thousand for the three months ended March 31, 2020 compared to C\$246 thousand for the three months ended March 31, 2019. The increase was due to the overall gross profit increasing as part of steps taken to improve the profitability of services and products.
- Operating expenses were C\$596 thousand for the three months ended March 31, 2020 compared to C\$330 thousand for the three months ended March 31, 2019.

The increase in operating expenses was attributed mainly due to the acquisition of the Company's Canadian subsidiary and its related general and administrative expenses.

- Total comprehensive loss was C\$35 thousand for the three months ended March 31, 2020 compared to total comprehensive loss of C\$2.037 million (include C\$1.946 million issuance cost) reflecting the measures taken by the Company to improve profitability and reduce costs.

The following is a summary of key balance sheet items as at March 31, 2020 compared to December 31, 2019:

- Cash and cash equivalents were C\$349 thousand as compared to C\$309 thousand;
- Current assets of C\$9.69 million as compared to C\$7.19 million;
- Total assets of C\$11.08 million as compared to C\$8.48 million;
- Current liabilities of C\$8.18 million as compared to C\$6.05 million;
- Non-current liabilities of C\$555 thousand as compared to C\$254 thousand.

### Financial Highlights for the first quarter ended March 31, 2020 in comparison to the first quarter ended March 31, 2019:

(CAD in thousands)	Three months ended March 31		Change %
	2020	2019	
Revenues:			

Services Projects	1,127	307	267.1%
Products	2,080	1,674	24.3%
<b>Total Revenues</b>	<b>3,207</b>	<b>1,981</b>	<b>61.9%</b>
Cost of Sales	2,604	1,735	
<b>Gross Profit</b>	<b>603</b>	<b>246</b>	
<i>Gross Profit Margin %</i>	<i>18.8%</i>	<i>12.4%</i>	
Operating Expenses *	596	330	
Issuance Expenses	-	1,946	
Other Income (Loss)	43	(39)	
Foreign currency translation differences		32	
Taxes on Income	85	-	
<b>Total Comprehensive Income (Loss)</b>	<b>(35)</b>	<b>(2,037)</b>	

### Business Highlights for the first quarter ended March 31, 2020 and Subsequent Events

The world is currently experiencing an event with macroeconomic consequences, originating from the spread of the Corona virus (COVID 19) in many countries around the world (hereinafter - "**the Coronavirus**" or the "**Event**"). As a result of the Event, many countries, including Israel, are taking significant steps to try to prevent the spread of the Coronavirus, such as, but not limited to, restrictions on civilian movement, gatherings, transit restrictions on passengers and goods, closing borders between countries.

The Company believes that the Event is an opportunity for the worldwide smart irrigation business. The Event has proved that countries need to be self-sustainable for their food supplies in times of world crisis. The Company believes that there will be a growing demand for smart irrigation in countries that experienced shortages in food supplied during the Coronavirus crisis as they will seek to grow crops domestically.

The following are some of the effects of the Event on the Company:

- Canada - The Company's Canadian subsidiary was not significantly impacted by the Coronavirus. February sales were affected by the railway blockade between Montreal and Toronto but recovered in March. Coronavirus effects include the Company's inability to send technical staff from Israel to support sales of new projects and therefor local Canadian staff was hired to assist.
- On April 4, 2020, the Company secured a C\$40 thousand loan as part of the Canada Emergency Business Account government program to businesses due to the Coronavirus. The loan bears 0% interest until December 31, 2022. After December 31, 2022, the loan will bear a 5% interest rate per annum on the outstanding balance.
- China - As a result of the spread of the Coronavirus the Company had no business in China in January and February. In early March, this restriction was lifted, and the Company was able to re-commence administrative operations. The Company received payments that were late due to the Event. The Company is continuing its plans to commence its sales operations through its newly established local Chinese subsidiary.
- Ethiopia - After a year of financial and political uncertainty, the Company was able to re-focus on growing its business in Ethiopia. The Company has received substantial orders from Ethiopia for both irrigation projects and components and the Company is currently bidding for additional irrigation projects.
- Uzbekistan - The business in Uzbekistan continuous to be solid. The Company is deploying two cotton irrigation projects. The Event affected the Company's ability to ship components and send technical staff to install the projects. The Company overcame these obstacles buy sending the components by land freight which caused a delay and by using local staff in Uzbekistan for installations.
- Israel - The Company's business in Israel remained solid. The Company has deployed two medical cannabis irrigation projects and has not experienced any delays in installations or payments.
- Peru - The Company's business in Peru came to a standstill in March. The Peruvian government announced in March that it is closing its borders and called on citizens to self- quarantine for 15 days. The borders were opened again in April and as a result the Company commenced its shipment to Peru.

### About Water Ways Technologies

Water Ways is the parent company of Irri-Al-Tal Ltd. ("**IAT**") which is an Israeli based agriculture technology company that specializes in providing water irrigation solutions to agricultural producers. IAT 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. At present, IAT's main revenue streams are derived from the following business units: (i) Projects Business Unit; and (ii) Component and Equipment Sales Unit. IAT was founded in 2003 by Mr. Ohad Haber with a view of capitalizing on the opportunities presented by micro and smart irrigation, while also making a positive mark on society by making these technologies more widely available, especially in developing markets such as Africa and Latin America. IAT's past projects include vineyards, water reservoirs, fish farms, fresh produce cooling rooms and more, in over 15 countries.

Water Ways has a number of operational subsidiaries:

Irri-Al-Tal Ltd., a wholly owned subsidiary of Water Ways Technologies, was incorporated on October 11, 2003, under the laws of the State of Israel.

Heartnut Grove WWT Inc., a wholly owned subsidiary of Water Ways Technologies, was incorporated on June 3, 2019, under the laws of the Province of Ontario.

H.D.P Irrigation Ltd., a company of which Irri-Al-Tal holds a 73% interest, was incorporated on October 27, 2019, under the laws of the State of Israel.

IRRI-AL TAL (Shanghai) Agriculture Technology Company Ltd., a wholly owned subsidiary of H.D.P, was incorporated on February 26, 2020, under the laws of the Republic of China.

**For more information, please contact**

Ronnie Jaegermann

Director

T: +972-54-4202054

E: [ronnie@waterwt.com](mailto:ronnie@waterwt.com)

<https://www.water-ways-technologies.com/>

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**Forward-Looking Statements**

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