



**WATER WAYS TECHNOLOGIES INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020**

**(UNAUDITED)**

**WATER WAYS TECHNOLOGIES INC.  
(FORMERLY KNOWN AS SAGITTARIUS CAPITAL CORPORATION)**

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**NOTICE TO SHAREHOLDERS**

The accompanying unaudited condensed consolidated interim financial statements of WATER WAYS TECHNOLOGIES INC. for the three months ended March 31, 2020 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.

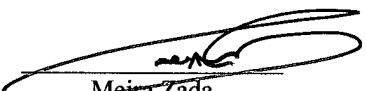
**WATER WAYS TECHNOLOGIES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(US Dollar in thousands)

		<b>March 31, 2020</b>	<b>December 31, 2019</b>
	<b>Note</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents		245	237
Restricted Cash		173	176
Trade accounts receivable, net		3,683	3,165
Other accounts receivable	5	1,378	1,092
Inventory		1,322	852
<b>Total current assets</b>		<b>6,801</b>	<b>5,522</b>
<b>NON-CURRENT ASSETS:</b>			
Deferred tax asset		132	135
Other accounts receivable	5	137	139
Intangible assets		283	289
Goodwill		129	129
Property, plant and equipment, net		294	298
<b>Total non-current assets</b>		<b>975</b>	<b>990</b>
<b>TOTAL ASSETS</b>		<b>7,776</b>	<b>6,512</b>
<b>CURRENT LIABILITIES:</b>			
Short term loans and current portion of long-term loans	7	1,550	1,660
Lease liabilities		16	17
Trade accounts payable		3,893	2,702
Deferred revenues		29	2
Other accounts payable	6	255	269
<b>Total current liabilities</b>		<b>5,743</b>	<b>4,650</b>
<b>NON-CURRENT LIABILITIES:</b>			
Long-term loans	7	316	116
Lease liabilities		60	65
Derivative- warrants	8	13	14
<b>Total non-current liabilities</b>		<b>389</b>	<b>195</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	8	*	*
Additional paid in capital		2,905	2,905
Reserves		33	93
Retained earnings (deficit)		(1,294)	(1,331)
<b>Total shareholders' equity</b>		<b>1,644</b>	<b>1,667</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>7,776</b>	<b>6,512</b>

\* Represent an amount lower than 1 thousand.

June 15, 2020  
Date of approval

  
Ohad Haber  
CEO

  
Meira Zada  
CFO

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

**WATER WAYS TECHNOLOGIES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(US Dollar in thousands)

		<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
		<b>US\$ in thousands</b>	
	<b>Note</b>	<b>Unaudited</b>	<b>Unaudited</b>
<b>Revenues:</b>			
Services Projects	10	838	231
Products		1,546	1,259
<b>Total revenues</b>		<u>2,384</u>	<u>1,490</u>
<b>Cost of revenues:</b>			
Services Projects		667	193
Products		1,269	1,112
<b>Total cost of revenues</b>		<u>1,936</u>	<u>1,305</u>
<b>Gross profit</b>		<b>448</b>	<b>185</b>
Listing expenses		-	1,464
Selling, general and administrative expenses		<u>443</u>	<u>248</u>
<b>Operating profit (loss)</b>		<b>5</b>	<b>(1,527)</b>
Financial expenses		(53)	(31)
Financial income		85	-
Share in profit (loss) of associated company		<u>-</u>	<u>2</u>
<b>Profit (loss) before taxes on income</b>		<b>37</b>	<b>(1,556)</b>
Tax on income (recovery)		(*)	24
<b>Profit (loss) for the period</b>		<u><b>37</b></u>	<u><b>(1,532)</b></u>
<b>Other comprehensive expense :</b>			
<b>Item that will not be reclassified to profit or loss:</b>			
Foreign currency translation differences		(63)	-
Other comprehensive income (loss)		<u>(63)</u>	<u>-</u>
<b>Net comprehensive income (loss)</b>		<u><b>(26)</b></u>	<u><b>(1,532)</b></u>
<b>Basic profit (loss) per share</b>			
Attributable to shareholders (**):		0.0004	(0.019)
<b>Weighted average number of common shares outstanding:</b>		89,589,222	81,118,463
<b>Diluted profit per share attributable to shareholders (**):</b>		0.0003	(0.017)
<b>Diluted average number of common shares outstanding:</b>		106,883,689	81,118,463

\*Represent an amount lower than 1 thousand.

\*\*The amounts presented after giving the effect of share split as noted in Note 9.

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

**WATER WAYS TECHNOLOGIES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(In thousands of US Dollars, except for the number of shares)

**For the period ended March 31, 2020**

	Number of Shares	Share capital	Additional paid-in capital	Retained deficit	Capital reserve for share- based payment	Currency translation adjustment	Total Shareholders' equity
	(US\$ in thousands)						
<b>Balance at January 1, 2020</b>	<b>89,589,222</b>	<b>*</b>	<b>2,905</b>	<b>(1,331)</b>	<b>32</b>	<b>61</b>	<b>1,667</b>
Net income				37			37
Other comprehensive income:							
Exchange differences on							
translating foreign operation	-	-	-	-	-	(63)	(63)
<b>Total comprehensive income</b>	-	-	-	<b>37</b>	-	<b>(63)</b>	<b>1,641</b>
Stock based compensation	-	-	-	-	3	-	3
<b>Balance at March 31, 2020</b>	<b>89,589,222</b>	<b>*</b>	<b>2,905</b>	<b>(1,294)</b>	<b>35</b>	<b>(2)</b>	<b>1,644</b>

**For the year ended December 31, 2019**

	Number of Shares	Share capital	Additional paid-in capital	Retained deficit	Capital reserve for share- based payment	Currency translation adjustment	Total Shareholders' equity
	(US\$ in thousands)						
<b>Balance at January 1, 2019(**)</b>	<b>76,972,369</b>	<b>*</b>	<b>1,544</b>	<b>1,038</b>	<b>-</b>	<b>-</b>	<b>2,582</b>
Net income				(2,369)			(2,369)
Other comprehensive income:							
Exchange differences on							
translating foreign operation	-	-	-	-	-	61	61
<b>Total comprehensive income</b>	-	-	-	<b>(2,369)</b>	-	<b>61</b>	<b>(2,308)</b>
Reverse Take Over (Note 4A)	-	*	524	-	-	-	524
Stock based compensation	-	-	-	-	32	-	32
Issuance of shares, net	12,438,282	-	818	-	-	-	818
Shares issued upon acquisition	178,571	-	19	-	-	-	19
<b>Balance at December 31, 2019</b>	<b>89,589,222</b>	<b>*</b>	<b>2,905</b>	<b>(1,331)</b>	<b>32</b>	<b>61</b>	<b>1,667</b>

\*Represent an amount lower than 1 thousand.

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

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

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

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
	<b>(US\$ in thousands)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit (loss) for the year	37	(1,532)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	25	15
Stock based compensation	3	-
Accrued interest	19	(10)
Change in short term deposits	3	-
Share in profit in associated company	-	(2)
(increase) in trade accounts receivable, net	(518)	(201)
(increase) decrease in other accounts receivable	(283)	768
(increase) in inventory	(470)	(393)
Increase in trade accounts payable	1,191	464
(decrease) increase in other accounts payable	(15)	84
Change in fair value of derivative- warrants	(1)	(46)
Increase in deferred revenues	27	383
Decrease (increase) in deferred taxes	2	(24)
<b>Net cash provided by (used in) operating activities</b>	<u>20</u>	<u>(494)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(14)	4
Reverse takeover (Note 4)	-	9
Change in short term deposits		(3)
Repayment of loans to others	(*)	24
<b>Net cash (used in) provided by investing activities</b>	<u>(15)</u>	<u>10</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of bank loans	(489)	(94)
Receipt of bank loans	560	309
Lease payments	(5)	-
Issuance of shares and warrants, net	-	1,861
<b>Net cash provided by financing activities</b>	<u>66</u>	<u>2,076</u>
<b>Effect of foreign exchange rate changes on cash</b>	<u>(63)</u>	<u>-</u>
<b>Increase in cash and cash equivalents</b>	<u>8</u>	<u>1,592</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>237</u>	<u>233</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>245</u>	<u>1,825</u>

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

\*Represent an amount lower than 1 thousand.

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

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

	<b>For the three month ended</b>	
	<b>March 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$ in thousands</b>	
Tax	-	14
Interest	19	10

**The accompanying notes are an integral part of the 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**" formerly known as Sagittarius Capital Corporation) was incorporated under the Business Corporations Act (Ontario) on April 20, 2007 and was classified as a Capital Pool Corporation as defined by TSX Venture ("**TSX-V**") Exchange Policy 2.4 (the "**Exchange Policy**"). Water Ways Technologies Inc. is the parent company of Heartnut Grove WWT Inc. (formerly known as Heartnut Grove Inc.) and Irri-Al-Tal. The Company's registered address and principal place of business is 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8.

Irri-Al-Tal Ltd. ("**Irri-Al-Tal**") was incorporated on October 11, 2003 under the laws of the State of Israel. Irri Al Tal registered and head office address at P.O.B. 7 Kibbutz Ramat-David 3658700, Israel. Irri-Al-Tal is an agriculture technology company that specializes in providing water irrigation solutions to agricultural producers. Irri-Al-Tal competes in the global irrigation water systems market with a focus on developing solutions with commercial applications in the micro and precision irrigation segments of the overall market. The Financial Statements were approved on April 27.

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

2. On August 21, 2018, Irri-Al-Tal entered into a securities exchange agreement ("**Securities Exchange Agreement**") with Sagittarius, whereby Sagittarius had agreed to complete the Securities Exchange by issuing two (2) Common Shares for each issued and outstanding IAT Share (the "**Exchange Ratio**"). Immediately prior to the completion of and as a condition to the Securities Exchange, Sagittarius consolidated its Common Shares on the basis of one (1) Common Share for 1.4964285 outstanding Sagittarius Shares (the "**Consolidation**"), which was approved by Sagittarius shareholders at a special meeting on August 15, 2018.

3. On March 6, 2019, Water Ways completed its Qualifying Transaction by completing the Securities Exchange with Sagittarius. The Qualifying Transaction was undertaken by completing a reverse takeover (see also Note 4 – Reverse takeover) and as a result, Sagittarius changed its name from "Sagittarius Capital Corporation" to "Water Ways Technologies Inc."

4. On June 17, 2019, the Company announced that it had closed its previously announced acquisition of certain assets of Heartnut Grove Inc. ("**Heartnut**"), a Canadian distributor of irrigation and agriculture components, based in Mount Brydges, Ontario. Heartnut was established in 2004.

Water Ways established a wholly owned Canadian subsidiary named Heartnut Grove WWT Inc. ("**HGWWT**") to acquire those certain Heartnut assets including its customer base, inventory, certain equipment and goodwill. Upon closing, Heartnut transferred its commercial operations and the sole

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

**NOTE 1 – GENERAL (CONT.):**

shareholder and managing director became an employee and manager of HGWWT and entered into an employment agreement with HGWWT. The Company also retained the current Heartnut sales force.

5. On October 27, 2019, Water Ways, thorough Irri-Al-Tal, established a new Israeli company ("**H.D.P Irrigation Ltd.**" or "**H.D.P**") of which Irri Al-Tal holds a 73% interest.

6. On February 26, 2020, H.D.P established a new wholly owned subsidiary in the Republic of China ("**IRRI-AL TAL (Shanghai) Agriculture Technology Company Ltd.**" or "**IRRI-AL TAL (Shanghai)**") – see also Note 3.

C. 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 - "**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. As a result, the Event and the actions taken by the various countries in which the Company operates are having a significant impact on the global economy and commerce. The Company has not experienced any cancellations of existing orders or agreements. As a result of the spread of the Coronavirus the Company had no business in the Republic of China in January and February. In early March this restriction was lifted, and the company was to re-commence operations in the Republic of China. The Company's Canadian business through the subsidiary HGWWT wasn't affected significantly by the Corona virus. Additionally, the Company believes that the effect of the Coronavirus will be minimal on its operations in Ethiopia, Uzbekistan and Israel. 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 at the beginning of April, 2020 and as a result the Company commenced its shipment to Peru.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Presentation**

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

The financials were prepared based on the same accounting policy as of the annual financials. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ending December 31, 2019. Certain disclosures that are required to be included in annual financial

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

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

**Basis of Presentation (cont.)**

statements prepared in accordance with IFRS are not included in these condensed consolidated interim financial statements as signed at April 29, 2020.

**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.

**Business Combination**

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

<u>Entity name</u>	<u>State incorporated</u>	<u>Percentage of WWT ownership (direct and indirect)</u>
Water Ways Technologies Inc.	Canada	Parent Company
Irri-Al-Tal Ltd.	Israel	100%
Heartnut Grove WWT Inc.	Canada	100%
H.D.P Irrigation Ltd.	Israel	73%
IRRI-AL TAL (Shanghai) Agriculture Technology Company Ltd.	China	73%

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

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

**Listing costs**

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

**Revenue recognition**

Revenue is recognized based on the five-step model outlined in IFRS 15, Revenue from contracts with customers. The Company adopted IFRS 15 using the 'modified' retrospective method with the cumulative effect of initially applying IFRS 15 at the date of initial application, accordingly, under this transition method, an entity may elect to apply IFRS 15 retrospectively only to contracts that are not completed contracts at the date of initial application. The Company sells its products and services directly through its sales force and independent sales agents.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies its performance obligations under the contract.

Revenue is measured as the amount of consideration that the Company is expected to receive in exchange for transferring goods or providing services to the customer. The amount of consideration is usually a fixed price at the contract inception. Taxes assessed by various government entities, such as sales taxes, use and value-added taxes, collected at the time of sale are excluded from revenue.

Revenue from sales of irrigation equipment and water systems to agricultural producers is recognized when the customer has taken control of the goods, which occurs at a point in time based on the shipping terms. Revenue from providing project services is derived from long-term fixed-price contracts with customers pursuant to which the Company provides design, installation and maintenance of turnkey irrigation systems for application in various agricultural and aquaculture operations. Revenues on these long-term fixed-price contracts are recognized using the percentage-of-completion method. In using the percentage of completion method, revenues are generally recorded on the basis of the percentage of cost incurred to date on a contract relative to the estimated total expected contract cost. Management uses past experience, project plans and an assessment of the risks and uncertainties specific to the project in order to estimate total expected contract cost.

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

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

**Revenue recognition (cont.)**

The percentage of completion is established by the costs incurred to date as a percentage of the estimated total costs of each contract (cost-to-cost method). Contract costs include all direct material and labor costs, as control is transferred over time since, the Company's performance does not create an asset with an alternative use to the Company.

The Company utilizes various forms of financial guarantees from first-tier international banks to provide payment assurance for the amounts receivable from its customers, the Company's management believes that its credit risk is limited on projects which have not yet been completed, but for which the Company has recognized revenue. The Company provides a one-year manufacturer (back to back with the manufacturer – a third party) warranty for all the components that are part of a system. Such warranty does not provide the customer with additional services; therefore, the service cost is not recognized as a financial obligation to the Company and is not accounted as a separate performance obligation but rather as a provision.

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

On October 27, 2019, Water Ways, thorough Irri-Al-Tal, established H.D.P of which Irri-Al-Tal holds a 73% interest. As of March 31, 2020, H.D.P did not commence any activities, other than the establishment on February 26, 2020, of a new wholly owned subsidiary, IRRI-AL TAL (Shanghai), whose purpose was to acquire certain assets of the Company's Chinese agent including his network of subagents. IRRI-AL TAL (Shanghai) is focused on operations and sales of the Company's products and services in and to the Chinese market. The agent became CEO of IRRI-AL TAL (Shanghai).

**NOTE 4 - REVERSE TAKE OVER:**

***Completion of the Qualifying Transaction with Sagittarius***

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

In connection with the Qualifying Transaction, Sagittarius also completed an offering ("**Offering**") of units ("**Units**") for gross proceeds of \$2,111 by issuing 11,272,500 Units. Each Unit was comprised of one Common Share and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant is exercisable into one Common Share (a "**Warrant Share**") at CAD 0.40 per Warrant Share until March 6, 2021.

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

**NOTE 4 - REVERSE TAKE OVER (CONT.):**

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

The fair value of the consideration is as follows:

	<u>06/03/2019</u>
Fair value of common shares (2,800,000 shares at CAD 0.25 per share)	\$ 524
<b>Total fair value of consideration</b>	<b>\$ 524</b>
Less: Net negative assets of the Sagittarius	\$ (105)
<b>Listing expense</b>	<b>\$ 629</b>

The Company incurred additional listing expenses, which mainly relate to broker's fees legal fees, and capital advisory fees, the aggregate amount of the Listing expenses equals \$1,727.

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

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

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

**NOTE 5 - OTHER ACCOUNTS RECEIVABLE:**

	<b>As of March 31, 2020</b>	<b>As of December 31, 2019</b>
Prepaid expenses	725	342
Advances to suppliers	96	23
Government authorities	120	194
Shareholder (Note 14)	25	27
Other	549	645
	<b>1,515</b>	<b>1,231</b>

**NOTE 6 - OTHER ACCOUNTS PAYABLE:**

	<b>As of March 31, 2020</b>	<b>As of December 31, 2019</b>
Advances from customers	51	10
Government authorities	37	54
Vacation accrual	46	76
Employee related liabilities	47	68
Other	74	68
	<b>255</b>	<b>269</b>

**NOTE 7 – LOANS:**

A. Composition of Loans:

	<b>As of March 31, 2020</b>	<b>As of December 31, 2019</b>
Long term loans	1,866	1,777
Less – current portion and short-term loans	(1,550)	(1,661)
<b>Total long-term portion of loans</b>	<b>316</b>	<b>116</b>

Long-term loans from banks are due as follows:

	<b>As of March 31, 2020</b>	<b>As of December 31, 2019</b>
First year (current portion)	1,550	1,661
Second year	114	87
Third year	61	29
Fourth year and thereafter	141	-
<b>Total long-term loans</b>	<b>1,866</b>	<b>1,777</b>

**WATER WAYS TECHNOLOGIES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**NOTE 7 – LOANS (CONT.):**

**B. Details of the long-term loans:**

1. On May 29, 2016, the Company secured a loan in the amount of \$130, which bears an interest rate equal to the Bank of Israel Prime Lending Rate ("**Prime**") plus 3.5% interest per annum. The loan will be repaid in 72 monthly installments ending on May 29, 2022. The Company is required to restrict cash as security for the loan on the amount of \$38 until the total repayment of loans which have a balance of \$57 as of March 31, 2020.
2. On August 15, 2016, the Company secured a loan in the amount of \$18, which bears an interest rate equal to Prime plus 2.5% interest per annum. The loan will be repaid in 60 monthly installments ending on July 15, 2021.
3. On November 4, 2016, the Company secured a loan in the amount of \$29, which bears an interest rate equal to Prime plus 2.1% interest per annum. The loan will be repaid in 60 monthly installments ending on November 3, 2021.
4. On October 13, 2016, the Company secured a loan in the amount of \$157, which bears an interest rate equal to Prime plus 4.3% interest per annum. The loan will be repaid in 60 monthly installments ending on October 13, 2021. The Company is required to restrict cash as security for the loan on the amount of \$38 until the total repayment of loans which have a balance of \$57 as of March 31, 2020.
5. On June 12, 2017, the Company secured a loan in the amount of \$127, which bears an interest rate equal to Prime plus 4.2% interest per annum. The loan will be repaid in 60 monthly installments ending on June 13, 2022. The Company is required to restrict cash as security for the loan on the amount of \$38 until the total repayment of loans which have a balance of \$60 as of March 31, 2020.
6. On July 10, 2017, the Company secured a loan in the amount of \$18, which bears an interest rate equal to Prime plus 4.3% interest per annum. The loan will be repaid in 36 monthly installments ending on July 10, 2020.
7. On May 16, 2019, the Company secured a loan in the amount of \$756, which bears an interest rate equal to Prime plus 6.24% interest per annum. On August 14, 2019, the Company had made an early repayment of \$286. The remaining loan balance of \$471 will be repaid in one installment on May 16, 2020.
8. On August 15, 2019, the Company secured two loans: a) a loan in the amount of \$286, which bears an interest rate equal to Prime plus 6.01% interest per annum. The loan is being repaid in 12 monthly installments ending on September 20, 2020; and b) a loan in the amount of \$200, which bears an interest rate equal to Prime plus 6.01% interest per annum which was repaid in one installment on January 6, 2020.
9. On November 7, 2019, the Company secured a loan in the amount of \$130, which bears an interest rate equal to Prime plus 5.61% interest per annum. The loan will be repaid in 12 monthly installments ending on December 7, 2020.
10. On December 10, 2019, the Company secured a loan in the amount of \$300, which bears an interest rate equal to Prime plus 5.72% interest per annum. The loan will be repaid in 12 monthly installments ending on January 10, 2021.
11. On January 6, 2020, the Company secured a loan in the amount of \$200, which bears an interest rate equal to Prime plus 5.48% interest per annum. The loan will be repaid in 12 monthly installments ending on February 6, 2021.
12. On January 12, 2020, the Company secured a loan in the amount of \$18, which bears an interest rate equal to 7.76% interest per annum. The loan will be repaid in 36 monthly installments ending on January 6, 2023.



**WATER WAYS TECHNOLOGIES INC.**  
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**NOTE 7 – LOANS (CONT.):**

**B. Details of the long-term loans (cont.)**

13. On February 20, 2020, the Company secured a loan in the amount of \$288, which bears an interest rate equal to 11.08% interest per annum. The loan will be repaid in 60 monthly installments ending on March 2, 2025.
14. On March 23, 2020, the Company secured a loan in the amount of \$55, which bears an interest rate equal to 4.83% interest per annum. The loan will be repaid in one installment on July 31, 2020.

The covenants relating to the loans and credit facilities are comprised of the following:

- In 2019 the shareholder's equity shall not be less than 20% of total liabilities and shareholder's equity;
- In 2020 the shareholder's equity shall not be less than 20% of total liabilities and shareholder's equity;
- The ratio between the net short term financial debt and the operating working capital shall not exceed 70%;
- Restriction on repayments of shareholders' loan;
- Certain restrictions on the CEO's salary.

As of the date hereof, the Company was in compliance in all material respects with the covenants.

**NOTE 8 – 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.

**Water Ways Technologies - Balance at the date hereof:**

<u>Security</u>	<u>Number</u> <u>Outstanding</u>	<u>Exercise Price</u> <u>in CAD</u>	<u>Expiry Date</u>
Ordinary shares	89,589,222		
Warrants exercisable	636,240	0.175	16/04/2020
Warrants exercisable	3,976,502	0.25	06/03/2021
Warrants exercisable	318,120	0.25	06/03/2021
Warrants exercisable	163,760	0.175	29/05/2020
Warrants exercisable	1,023,498	0.25	06/03/2021
Warrants exercisable	81,880	0.25	29/05/2020
Warrants exercisable	901,800	0.25	06/03/2021
Warrants exercisable	6,219,141	0.4	06/03/2021
Options	3,973,527	0.25	*
	<u>106,883,690</u>		

**WATER WAYS TECHNOLOGIES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**NOTE 8 – SHAREHOLDERS' EQUITY (CONT.):**

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

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

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

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

**B. Qualifying Transaction**

Water Ways completed an Offering of 11,272,500 Units for gross proceeds of CAD\$2,818,125. Each Unit was comprised of one Common Share and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant is exercisable into one Common Share (a "**Warrant Share**") at CAD\$0.40 per Warrant Share until March 6, 2021. In connection with the Offering, Sagittarius has paid the following: (i) a cash commission of CAD\$ 225; (ii) a corporate finance fee of CAD\$40; and (iii) 901,800 non - transferable broker warrants (each, a "**Broker Warrant**"). Each Broker Warrant entitles the holder to one Common Share at a price of CAD\$0.50 until March 6, 2021.

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

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

**WATER WAYS TECHNOLOGIES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**NOTE 8 – SHAREHOLDERS' EQUITY (CONT.):**

**B. Qualifying Transaction (cont.)**

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

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

**1. Water Ways Technologies - Balance at the date hereof:**

<u>Security</u>	<u>Number Outstanding</u>
Ordinary shares	89,589,222

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

A summary of the status of the Company's option plan granted to employees as of March 31, 2020 and changes during the relevant period ended on that date is presented below:

	<u>Period ended March 31, 2020</u>		<u>Year ended December 31, 2019</u>	
	<u>Number of options</u>	<u>Weighted average Exercise price</u>	<u>Number of options</u>	<u>Weighted average Exercise price</u>
Outstanding at beginning of year	3,973,527	CAD\$0.25	-	-
Granted	-	-	3,973,527	CAD\$0.25
Exercised	-	-	-	-
Forfeited and cancelled	-	-	-	-
Outstanding at end of the period	3,973,527	CAD\$0.25	3,973,527	CAD\$0.25
Exercisable options	2,140,193	CAD\$0.25	1,515,193	CAD\$0.25

The options to employees outstanding as of March 31, 2020 are comprised, as follows:

<u>Exercise price</u>	<u>Outstanding as of March 31, 2020</u>	<u>Weighted average remaining contractual term (years)</u>	<u>Exercisable as of March 31, 2020</u>	<u>Weighted average remaining contractual term (years)</u>
CAD\$0.25	1,000,000	3.9	1,000,000	3.9
CAD\$0.25	2,750,000	4.2	916,666	4.2
CAD\$0.25	223,527	4.2	223,527	4.2
	<u>3,973,527</u>		<u>2,140,193</u>	

**WATER WAYS TECHNOLOGIES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**NOTE 8 – SHAREHOLDERS' EQUITY (CONT.):**

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

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

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

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

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

**4. Derivative liability - Warrants:**

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

<b>Warrant activity</b>	<b>Exercisable at December 31, 2019</b>	<b>Weighted average exercise price</b>
<b>Balance – Beginning of Period</b>	6,200,000	CAD\$0.31
Issued in the RTO Private Placement (note 4B)	6,219,141	CAD\$0.31
Issued to brokers for RTO Private Placement (note 4B)	901,800	CAD\$0.31
<b>Balance – End of Period</b>	<b>13,320,941</b>	<b>CAD\$0.31</b>

<b>Warrant activity</b>	<b>Exercisable at March 31, 2020</b>	<b>Weighted average exercise price</b>
<b>Balance – Beginning of Period</b>	13,320,941	CAD\$0.31
Issued during the period	-	-
Expired during the period	-	-
<b>Balance – End of Period</b>	<b>13,320,941</b>	<b>CAD\$0.31</b>

**WATER WAYS TECHNOLOGIES INC.**  
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**NOTE 8 – SHAREHOLDERS' EQUITY (CONT.):**

The following table summarizes information about outstanding warrants as of March 31, 2020:

<b>Date of issuance</b>	<b>Date of expiry</b>	<b>Weighted average exercise price</b>	<b>Exercisable at March 31, 2020</b>
April 16, 2018	March 06, 2021	CAD\$0.31	4,294,622
April 16, 2018	April 16, 2020	CAD\$0.31	636,240
May 29, 2018	March 06, 2021	CAD\$0.31	1,105,378
May 29, 2018	May 29, 2020	CAD\$0.31	163,760
March 06, 2019	March 06, 2021	CAD\$0.31	7,120,941
			<b>13,320,941</b>

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

	<b>Warrants</b>
<b>Warrants as of January 1, 2020</b>	(14)
Receipts of Warrants	-
Change in fair value	1
<b>Warrants as of March 31, 2020</b>	<b>(13)</b>

	<b>Warrants</b>
<b>Warrants as of January 1, 2019</b>	(69)
Receipts of Warrants	(39)
Change in fair value	94
<b>Warrants as of December 31, 2019</b>	<b>(14)</b>

**WATER WAYS TECHNOLOGIES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**NOTE 9 – SEGMENT REPORTING:**

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

As the Company's CODM, Mr. Haber receives information on a segregated basis (for review on a regularly basis) of each business unit, i.e. projects (services) and products (components) as well as information segregated for geographical areas. The financial statements present within statements of comprehensive income the revenues from each segment on a standalone basis as well as cost of sale of each segment – i.e. there are no transactions between segments. The information as presented in the 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 manner in which the Company's operations are managed and the availability of separate financial information. The Company has two operating segments: products segment and project-services segment.

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

For the period ended March 31, 2020:

	<b>HGWWT</b>	<b>Irri-Al-Tal</b>	<b>Irri-Al-Tal</b>	<b>Water Ways</b>	
	<b>Products</b>	<b>Products</b>	<b>Project</b>	<b>Project</b>	<b>Company</b>
			<b>Services</b>	<b>Services</b>	<b>Total</b>
Revenues	805	740	839	-	2,384
Cost of revenues	635	634	667	-	1,936
Segment gross profit	170	106	172	-	448
Non-allocated expenses					443
Finance income, net					32
<b>Profit (loss) before</b>					
<b>provision for income</b>					
<b>taxes</b>					<b>37</b>

**WATER WAYS TECHNOLOGIES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**NOTE 9 – SEGMENT REPORTING (CONT.):**

Non-current assets as of March 31, 2020:

	<b>HGWWT</b>	<b>Irri-Al-Tal</b>	<b>Water Ways</b>	<b>Company Total</b>
Deferred tax asset	23	109	-	132
Other accounts receivable	-	137	-	139
Intangible assets	131	152	-	283
Goodwill	129	-	-	129
Property, plant and equipment, net (including ROU asset)	122	172	-	294

For the period ended March 31, 2019:

	<b>Irri-Al-Tal Products</b>	<b>Irri-Al-Tal Project Services</b>	<b>Company Total:</b>
Revenues	1,259	231	1,490
Cost of revenues	1,112	193	1,305
Segment gross profit	147	38	185
Non-allocated expenses			1,712
Finance expenses, net			31
Share in profit of associated company			2
<b>Loss before provision for income taxes:</b>			<b>(1,556)</b>

Non-current assets as of December 31, 2019:

	<b>HGWWT</b>	<b>Irri-Al-Tal</b>	<b>Water Ways</b>	<b>Company Total</b>
Deferred tax asset	38	97	-	135
Other accounts receivable	2	137	-	139
Investments in associated company	-	-	-	-
Intangible assets	137	152	-	289
Goodwill	129	-	-	129
Property, plant and equipment, net (including ROU asset)	131	167	-	298

**WATER WAYS TECHNOLOGIES INC.**  
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**NOTE 10 – REVENUES:**

**1. Geographic Areas Information:**

The following present total revenues for the years ended December 31, 2019 and 2018:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Africa	449	4
South and Central America	419	990
Asia	432	22
Europe	68	72
Israel	184	400
Canada	805	-
Others	27	2
	<u>2,384</u>	<u>1,490</u>

**2. Principal Customers:**

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

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Customer A	21%	28%
Customer B	16%	15%
Customer C	13%	14%



**WATER WAYS TECHNOLOGIES INC.**  
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**NOTE 11 – RELATED PARTIES AND SHAREHOLDERS:**

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

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

Related Party	Nature	For the period ended March 31, 2020	For the period ended March 31, 2019
		(US\$ in thousands)	
Branson Corporate Services Ltd. *	Bookkeeping Services Fees	6	-
Fogler, Rubinoff LLP **	Legal Fees	-	42
FMI Capital Advisory Inc. *	Consulting Fees	-	7
Director - Ronnie Jaegermann	Consulting Fees	7	16

**Payable related party :**

Related Party	Nature	As of March 31, 2020	As of December 31, 2019
		(US\$ in thousands)	
Branson Corporate Services *	Bookkeeping Services	4	2
Director	Various Expenses	11	10

\* A company in which, Adam Szweras, a director has a non-controlling indirect interest

\*\* A law firm in which, Adam Szweras, a director of the Company is a member.

There was no remuneration paid to directors and key management personnel during the periods ended March 31, 2020 and December 31, 2019.

**WATER WAYS TECHNOLOGIES INC.**  
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**NOTE 11 – RELATED PARTIES AND SHAREHOLDERS (CONT.):**

The following transactions arose with related parties:

	For the three month ended March 31	
	2020	2019
Management fees paid to the CEO	49	72

**Management fees paid to:**

	For the three month ended March 31	
	2020	2019
Management fees paid to the CFO	31	34
Management fees paid to the CTO	26	24
Management fees paid to the Vice President of Operations and Projects	38	40

**Receivables from related parties:**

	As of March 31, 2020	As of December 31, 2019
Balances owed by (to) the CEO	25	27

**NOTE 12 – EVENTS AFTER REPORTING PERIOD:**

**A. Warrant repricing**

On May 24, 2020, the Company announced that subject to receiving the approval of the Exchange, it intends to amend (the "**Amendment**") the exercise price of 6,219,141 previously issued common share purchase warrants, exercisable into an equal amount of common shares in the capital of the Company ("**Common Shares**") having an exercise price of \$0.40 ("**Series 1 Warrants**") and 5,000,000 previously issued common share purchase warrants, exercisable into an equal amount of Common Shares, having an exercise price of \$0.25 (the "**Series 2 Warrants**" and together with the Series 1 Warrants collectively, the "**Warrants**") to an exercise price, in respect of all Warrants, of \$0.06 (the "**New Exercise Price**"). As per the requirements of the Exchange, the Amendment will require the incorporation of an accelerated expiry provision such that the remaining exercise period of the Warrants will be reduced to 30 days if, for any 10 consecutive trading days during the unexpired term of such of the Warrants, the closing price of the Common Shares exceeds the New Exercise Price by 25% or more (which would be a trading price of \$0.075 per Common Share or higher), with the 30-day expiry period commencing on the day the Company either: (i) disseminates a press release or (ii) sends a written notice to the holders of the Warrants, advising of the commencement of the exercise period.

**WATER WAYS TECHNOLOGIES INC.**  
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**NOTE 12– EVENTS AFTER REPORTING PERIOD (CONT.):**

**B. Option issuances**

On May 24, 2020, the Company announced that in accordance with the terms of its stock option plan (the "SOP") it has granted 200,000 stock options ("Options") to each of its directors as well as its Chief Financial Officer, for an aggregate of 1,200,000 Options. The Options shall have an exercise price of \$0.06 and shall vest in two equal installments, with one-half of the Options vesting immediately (the "Initial Date") and one-half vesting on the 12-month anniversary of the Initial Date. The Options shall expire five years from the Initial Date of grant and be subject to such terms and conditions as may be required by the Exchange.

**C. Option repricing**

On May 24, 2020, the Company announced that subject to receiving Exchange approval, it intends to reprice a total of 2,973,527 stock options (the "May 2019 Options"), previously issued in accordance with the terms of the SOP. The May 2019 Options previously had an exercise price of \$0.25 which will be adjusted to the New Exercise Price. 473, 527 of the May 2019 Options have been approved for repricing by the Exchange and the remaining 2,500,000 have been conditionally approved by the Exchange subject to receiving disinterested shareholder approval to the repricing at the next annual and special meeting of shareholders of the Company.

**D. Shares for debt**

On May 24, 2020, the Company announced that in order to conserve cash it has agreed to issue 150,000 Common Shares at a deemed price of \$0.05 per Common Share to settle a debt to an arm's length service provider (the "SP"). The issuance of the Common Shares to the SP is subject to the approval of the Exchange. All securities issued to the SP will be subject to a four month hold period which will expire on the date that is four months and one day from the date of issue.

**E. COVID-19 subsidiary loan**

On April 4, 2020, the Company secured a \$CAD40 loan as part of the Canada Emergency Business Account government program to businesses due to the Coronavirus. The loan was received by the Company subsidiary, HGWWT. 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.