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Water Ways Technologies Inc.

**Management's Discussion and Analysis
For the Three Month Ended March 31, 2020**

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three Month Period Ended March 31, 2020

1. INTRODUCTION

The following discussion and analysis is management's assessment of the results of operation and financial condition of Water Ways Technologies Inc., and its subsidiaries (individually and collectively as the context requires "**Water Ways Technologies**", "**WWT**", or the "**Company**" and constitutes management's review of the factors that affected the Company's financial and operating performance for the three month period ended March 31, 2020.

The following information should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019, together with the notes thereto, as well as the unaudited condensed consolidated financial statements for the three month period ended March 31, 2020 and the notes thereto.

The date of this management's discussion and analysis ("**MD&A**") is June 15, 2020. The Company's comparative amounts in this MD&A have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board. References to "\$", "USD" or "US\$" refer to United States dollars unless otherwise indicated. References to "CAD\$" or "CDN\$" refer to Canadian dollars. References to "NIS" refer to New Israeli Shekels. All the amounts in the report, regardless of currency are referenced in thousands (other than amounts relating to the exercise price of securities).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

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2. DESCRIPTION OF BUSINESS

Corporate Structure

Water Ways Technologies (formerly known as Sagittarius Capital Corporation ("**Sagittarius**")) was incorporated under the Business Corporations Act (Ontario) on April 20, 2007, and was classified as a Capital Pool Corporation as defined in TSX Venture ("**TSX-V**" or "**Exchange**") Exchange Policy 2.4 (the "**Exchange Policy**") until completion of its going public transaction. The Company's registered address is 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8.

Water Ways has a number of operational subsidiaries:

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

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

H.D.P Irrigation Ltd. ("H.D.P Irrigation Ltd." or "**H.D.P**"), 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 (See "*Significant Developments During The Period*"). H.D.P's registered and head office address at P.O.B. 7 Kibbutz Ramat-David 3658700, Israel.

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

<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.

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2. **DESCRIPTION OF BUSINESS (CONT'D)**

Overview of Operations

Water Ways Technologies is an agriculture technology company that specializes in providing water irrigation solutions to agricultural producers. Water Ways Technologies competes in the global irrigation water systems market with a focus on developing solutions with commercial applications in the micro and precision irrigation segments of the overall market.

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

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

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

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

Water Ways Technologies has developed DataWays, a precise irrigation system that enables agricultural operators to make data-driven decisions on how and when to irrigate their crops.

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

As part of Water Ways mission to expand its business plan into the global legal medical cannabis sector, the company has launched its Internet of Things ("IOT") controlled irrigation and fertilization system for cannabis cultivators and growers. Developed in Israel by the company's Research & Development team, the system is one of the first in the world designed for the specific needs of cannabis growers and cultivators. Cannabis cultivation site-tested and market ready, the system allows for higher yields and consistency for cannabis grows while reducing energy, water and fertilization costs.

As of June 10, 2020, the Company has successfully delivered 3 systems to medical Cannabis growers in Israel.

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**", "**Crisis**", 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

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2. DESCRIPTION OF BUSINESS (CONT'D)

Overview of Operations (cont'd)

goods, closing borders between countries. These actions taken by the various countries in which the Company operates are having a significant impact on the global economy and commerce.

The following are the effects of the Coronavirus on the Company:

- Canada - The Company's Canadian business operating through HGWWT hasn't been significantly impact 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 HGWWT hired local staff to assist. Sales of HGWWT in the first quarter of 2020 amounted to \$805.
- On April 4, 2020, the Company secured a CDN\$40 loan as part of the Canada Emergency Business Account government program to businesses due to the Coronavirus. The loan was received by HGWWT and 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 during January and February. In early March this restriction was lifted, and the Company was to re-commence operations.
- Ethiopia - After a year of financial and political uncertainty in Ethiopia, 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. The Company is currently bidding for additional irrigation projects and believes that the effect of the Coronavirus crisis will be minimal.
- Uzbekistan - The business in Uzbekistan continuous to be solid where 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 by sending the components by land freight and by using local staff in Uzbekistan for installations. The Company finalized the installation during May and June of this year.
- Israel - The Company's business in Israel remained solid. During the first half of 2020, the Company continues to deploy 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 and business resumed in April.

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2. DESCRIPTION OF BUSINESS (CONT'D)

Significant Developments During The Period

Effects on the Company's future business – The Company believes that the Crisis is an opportunity for the worldwide smart irrigation business. The Crisis 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 shortage in food supplied during the Coronavirus crisis as they will seek to grow crops domestically.

1. On October 27, 2019, Water Ways, thorough Irri-Al-Tal, established H.D.P. As of March 31, 2020, H.D.P did not commence any activities other than the establishment on February 26, 2020, of IRRI-AL TAL (Shanghai) whose purpose was to acquire certain assets of the Company's Chinese agents including his network of subagents. The agent will become CEO of IRRI-AL TAL (Shanghai).
2. On January 7, 2020 the Company announced that it received the third commercial order for approximately CAD\$200 for its new IOT system from an Israeli licensed producer currently building a 30,000 Square meters (approximately 310,000 Sqft) medical cannabis cultivation facility in a Kibbutz in the north of Israel.
3. On February 19, 2020 the Company announced that it received additional orders for five water and irrigation projects in Ethiopia with a value of CAD\$1,205.
4. On May 24, 2020, the Company announced that:
 - (i) 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.
 - (ii) 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.

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3. FINANCIAL REVIEW

The following financial data prepared in accordance with IFRS (in thousands of US\$) is presented for the period ended March 31, 2020 and 2019.

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
	US\$ in thousands	
Revenues:		
Services Projects	838	231
Products	1,546	1,259
Total revenues	2,384	1,490
Cost of revenues:		
Services Projects	667	193
Products	1,269	1,112
Total cost of revenues	1,936	1,305
Gross profit	448	185
Listing expenses	-	1,464
Selling, general and administrative expenses	443	248
Operating profit (loss)	5	(1,527)
Financial expenses	(53)	(31)
Financial income	85	-
Share in profit (loss) of associated company	-	2
Profit (loss) before taxes on income	37	(1,556)
Tax on income (recovery)	(*)	24
Profit (loss) for the period	37	(1,532)
Other comprehensive expense :		
Item that will not be reclassified to profit or loss:		
Foreign currency translation differences	(63)	-
Other comprehensive income (loss)	(63)	-
Net comprehensive income (loss)	(26)	(1,532)
Basic profit (loss) per share		
Attributable to shareholders (**):	0.0004	(0.019)
Weighted average number of common shares outstanding:	89,589,222	81,118,463
Diluted profit per share attributable to shareholders (**):	0.0003	(0.017)
Diluted average number of common shares outstanding:	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 8.

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

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3. FINANCIAL REVIEW (CONT'D)

<i>(USD in thousands)</i>	<u>As of March 31,</u> <u>2020</u>	<u>As of December</u> <u>31, 2019</u>	<u>As of December</u> <u>31, 2018</u>
Balance Sheet Items:			
Cash and Cash Equivalents	245	237	233
Total Current Assets	6,801	5,522	5,728
Total Assets	7,776	6,512	6,139
Total Current Liabilities	5,743	4,650	3,281
Total Non-Current Liabilities	389	195	276

Summary of quarterly results (in thousands of US\$):

	For the three months period ended							
	31.03.20	31.12.19	30.09.19	30.06.19	31.03.19	31.12.18	30.09.18	30.06.18
	<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Total revenues	2,384	1,929	3,091	3,118	1,490	2,370	2,991	4,674
Gross profit	448	196	371	454	185	254	385	747
Profit (loss) for the period	37	(376)	(220)	(241)	(1,532)	(167)	84	355
basic profit (loss) per share attributable to shareholders (*)	0.0004	(0.004)	(0.002)	(0.003)	(0.019)	(0.002)	0.001	0.005
Weighted average shares outstanding	89,589,222	89,582,222	89,410,651	89,410,650	81,118,463	74,443,922	74,443,922	65,245,019

Revenues by areas of operation

The following information presents total revenues by areas of operation for the periods ended March 31, 2020 and 2019 (in thousands of US\$):

	For the three months ended March 31	
	2020	2019
	<u>2020</u>	<u>2019</u>
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>

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3. **FINANCIAL REVIEW (CONT'D)**

Revenues by areas of operation (cont'd)

Major customers, defined as those customers responsible for over 10% of the Company's revenues, were as follows:

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

Three months period ended March 31, 2020, compared to three months period ended March 31, 2019

Revenues

For the period ended 31 March, 2020, total revenues amounted to \$2,384 compared to \$1,490 for the period ended 31 March, 2019. The increase in revenues was mainly attributed to an increase in project revenue and sales of HGWWT.

The revenues from service projects for the period ended March 31, 2020, amounted to \$838 compared to \$231 for the period ended March 31, 2019. The increase is mainly due to service projects initiated in Ethiopia and the continuation of the second service project in Uzbekistan.

The revenues from sales of products for the period ended 31 March, 2020, amounted to \$1,546 compared to \$1,259 for the period ended March 31, 2019. The increase is mainly due to sales of HGWWT.

Three months period ended March 31, 2020, compared to three months period ended March 31, 2019

Cost of revenue

For the period ended March 31, 2020, cost of revenues amounted to \$1,936 compared to \$1,305 for the period ended March 31, 2019. The increase was due to the associated increase in revenues of projects and products over the period.

Cost of revenues of service projects increased to \$667 for the period ended March 31, 2020 from \$193 for the period ended March 31, 2019. The increase is due to the associated increase in revenues of service projects over the period, mainly in Ethiopia.

Cost of revenues of the products increased to \$1,269 for the period ended March 31, 2020 from \$1,112 for the period ended March 31, 2019. The increase was due to the associated increase in revenue of products over the period.

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3. FINANCIAL REVIEW (CONT'D)

Three months period ended March 31, 2020, compared to three months period ended March 31, 2019

Gross Profit

For the three months period ended March 31, 2020, gross profit amounted to \$448 compared to \$185 for the three months period ended March 31, 2019. The overall gross profit increased as part of steps taken to improve the profitability of services and products.

Gross profit in service projects increased to \$171 for the three months period ended March 31, 2020 from \$38 for the three months period ended March 31, 2019. The increase in gross profit is mainly due to revenue recognition of projects in Ethiopia.

Gross profit in the product sales increased to \$277 for the three months period ended March 31, 2020 from \$147 for the 3 months period ended March 31, 2019. The increase is mainly due to HGWWT subsidiary revenues which bears a high profitability in sales of certain products.

Three months period ended March 31, 2020, compared to three months period ended March 31, 2019

Selling, general and administrative expenses

For the three month period ended March 31, 2020, selling, general and administrative expenses amounted to \$443 as compared to \$248 for the three month period ended March 31, 2019.

The increase in selling, general and administrative expenses was attributed mainly due to the acquisition of HGWWT, the Companys' subsidiary and its related G&A expenses. HGWWT's expenses amounted to \$91. The Company had also incurred increase in costs of a public company.

Listing expenses for the year ended 31 December, 2019

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

Three months period ended March 31, 2020, compared to three months period ended March 31, 2019

Financial income and expenses

For the three month period ended March 31, 2020, financial expenses amounted to \$53 as compared to \$31 for the period ended March 31, 2019, and were mainly due to bank fees and loan financing expenses.

For the three month period ended March 31, 2020, financial income amounted to \$85 compared to \$NIL for the period ended March 31, 2019.

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4. **LIQUIDITY AND CAPITAL RESOURCES**

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

As of March 31, 2020, Water Ways Technologies had working capital of \$1,058 compared with \$872 for the year ending December 31, 2019. The working capital consists of current assets of cash and cash equivalents, short term deposits, accounts receivables, other receivables, inventory, current liabilities of accounts payable and accrued liabilities and the short-term portion of long term loans. The increase in working capital is attributed to the increase in sales and gross profits.

In order to assist with meeting short-term financial needs to fund operations, as of March 31, 2020, Water Ways Technologies has access to the following sources of financing: credit lines with a major Israeli bank totaling \$785 approximately and access to supplier credit of 180 days with several key suppliers. In addition, Water Ways Technologies aims to manage potential credit risk in relation to customer receivables through use of letters of credit and trade insurance policies in an effort to reduce fluctuations in its liquidity position.

Three months ended March 31, 2020

As of March 31, 2020, the Company's overall position of cash and cash equivalents was \$245.

The Company's net cash provided by operating activities during the three month period ended March 31, 2020 was \$17.

Cash used in investing activities during the three months period ended March 31, 2020, was \$15 . The cash used in investing activities for the period was primarily as a result of purchasing Property, Plant & Equipment.

Cash provided by financing activities for the three month ended March 31, 2020, was \$66. The cash provided by financing activities for the period relates to the receipt of loans in the amount of \$560. In addition, the repayment of loans amounted to \$494.

Composition of Loans:

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

Water Ways Technologies Inc.

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4. LIQUIDITY AND CAPITAL RESOURCES (CONT'D)

Long-term loans from banks are due as follows:

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

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.

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4. LIQUIDITY AND CAPITAL RESOURCES (CONT'D)

Details of the long-term loans (cont'd):

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.
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.

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4. **OFF BALANCE SHEET ARRANGEMENTS**

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

5. **TRANSACTIONS BETWEEN RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Company has 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 2019.

Water Ways Technologies Inc.

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5. TRANSACTIONS BETWEEN RELATED PARTIES (CONT'D)

The following transactions arose with related parties:

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

Management fees paid to:

	For the three months period 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

Water Ways Technologies Inc.

Management Discussion and Analysis

For the Three Month Period Ended March 31, 2020

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK EXPOSURES

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

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

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

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

a) Credit risk

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

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due. As of March 31, 2020, the Company had working capital of \$1,058 thousand compared with \$872 thousand for the year ending December 31, 2019. As a result, management believes that the Company's exposure to liquidity risk is not material.

c) Market Risk

i) Interest rate risk

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

ii) Foreign currency risk

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

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

d) Fair Values

The carrying values of short term deposits, trade accounts receivable other receivables, inventory, trade accounts payable and other accounts payables approximate their fair values due to their short terms to maturity.

The cash, short term investments and investments are valued using quoted market prices in active markets.

7. COMMITMENTS

Liens

- a) Three of the Company's motor vehicles are pledged as security to the banks and financial Institutions who granted the loans for the purchase of the motor vehicles. The total amount of the loans secured by the Company's motor vehicles is \$24. The pledges are in place until the loans have been repaid.
- b) The Company recorded a floating charge over all the Company's assets in favor of an Israeli bank.
- c) The Company recorded a first charge over the assets of the Company in the amount of \$280 to an Israeli bank until the total repayment of loans which have a balance of \$118 as of March 31, 2020.

Leases

The Company leases its office facilities and warehouses under operating leases. Total rent expense under these operating was \$18 and \$20 for the period ended March 31, 2020, and 2019, respectively.

The lease end at July 31, 2020.

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Management Discussion and Analysis

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8. OTHER INFORMATION

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

Water Ways Technologies - Balance at the date hereof:

<u>Security</u>	<u>Number Outstanding</u>	<u>Exercise Price 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	*
	106,883,690		

* See note 8 to the financial statements

9. RISKS AND UNCERTAINTIES

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

Managements Responsibility for Financial Statements

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

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

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9. RISKS AND UNCERTAINTIES (CONT'D)

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

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

Additional Information

Additional information relating to the Company, the Company's quarterly and annual consolidated financial statements, and other disclosure documents, are available on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

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Management Discussion and Analysis

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SCHEDULE "A"

RISK FACTORS

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

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

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

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

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

DEPENDENCE ON KEY PERSONNEL AND EMPLOYEES

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

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

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development, management and other employees.

CREDIT RISK

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

INABILITY TO MANAGE RAPID GROWTH AND RETAIN ITS CUSTOMERS

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

FOREIGN OPERATIONS

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

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

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Management Discussion and Analysis

For the Three Month Period Ended March 31, 2020

LIQUIDITY RISK

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

COMPETITION

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

WWT's commercial success depends upon its ability to develop new or improved services, technologies and products, and to successfully obtain or acquire patent or other proprietary or statutory protection for these technologies and products in Israel and other countries.

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

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

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

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business, financial condition and results of operations and cash flows.

LACK OF REVENUE GROWTH

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

LIMITED NUMBER OF CUSTOMERS

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

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

DEFECTS IN PRODUCTS AND SERVICES

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

WWT MAY BE UNABLE TO RESPOND TO CUSTOMERS' DEMANDS

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

OPERATIONAL AND FINANCIAL INFRASTRUCTURE

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

UNCERTAIN ECONOMIC HEALTH OF THE WIDER ECONOMY

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

Demand for WWT's products are influenced by general economic and consumer trends beyond the Company's control. There can be no assurance that WWT's business and corresponding financial performance will not be adversely affected by general economic or consumer trends. In particular, global economic conditions are still tight, and if such conditions continue, recur or worsen, there can be no assurance that they will not have an adverse effect on WWT's business, financial condition and results of operations. Furthermore, such economic conditions may produce downward pressure on stock prices and have produced such pressure on the availability of credit from financial institutions for the Company. If these levels of market disruption and volatility continue, WWT might experience reductions in business activity, increased funding costs and funding pressures (as applicable), a decrease in the market price of its shares, a decrease in asset values, write-downs and impairment charges and lower profitability.

CURRENCY FLUCTUATIONS

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

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

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

It is unknown as to how the volatile climate currently hinders Israel's international trade relations and whether they still may limit the geographic markets where WWT can operate. Any resumption of hostilities involving Israel or threatening Israel, or the interruption or curtailment of trade between Israel and its present trading

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

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

REDUCTION OF PROJECT BACKLOG

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

RELIANCE ON INDEPENDENT MANUFACTURING COMPANIES FOR SUPPLY OF PRODUCTS

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

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

- political instability, civil unrest and economic instability;
- currency fluctuations;
- limitations on the repatriation of capital;
- greater difficulty enforcing intellectual property rights and weaker laws protecting such rights;

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- natural disasters and greater difficulty and expense in recovering from them;
- changes in governmental policies;
- changes in international labor costs, labor strikes disruptions or lock-outs;
- difficulties in moving materials and products from one country to another, including port congestion, strikes and other transportation delays and interruptions;
- difficulties in controlling the quality of raw materials and components used to manufacture WWT' products, which may lead to public health and other concerns regarding its products; and
- potential challenges to the Company's transfer pricing determinations and other aspects of its cross-border transactions which may impact income tax expense.

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

CRIME AND BUSINESS CORRUPTION RISK

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

ACCESS TO VARIOUS PARTS, COMPONENTS, AND RAW MATERIALS

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

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

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place in the market. The reliance on the OEMs for the supply and research and development of products poses a risk that may negatively impact the profitability and financial sustainability of the Company.

RAPID TECHNOLOGY CHANGE

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

CHANGES IN TAX LAWS

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

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

RISKS RELATED TO INTELLECTUAL PROPERTY PROTECTION

Proprietary trade secrets and unpatented know-how are very important to WWT's business. Much of the technology used in the markets in which it competes is unprotected by patents, and the commercial success of WWT will depend primarily on its ability to obtain and maintain trade secret protection and confidentiality for the Company's products and methods. To compete in these markets, WWT relies primarily on a combination of trade secret protection, non-disclosure agreements and unregistered intellectual property to establish and protect proprietary intellectual property rights. WWT relies on trade secrets to protect certain aspects of its technology, especially where management does not believe that patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. The Company's employees, consultants, contractors, outside scientific collaborators and other advisors may unintentionally or willfully disclose confidential information to competitors, and confidentiality agreements and non-disclosure agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential or proprietary information. Enforcing a claim that a third party illegally obtained and is using trade secrets is expensive and time consuming, and the outcome is unpredictable, particularly so in certain foreign jurisdictions. Moreover, competitors of WWT may independently develop equivalent knowledge, methods and know-how. Failure to obtain or maintain trade secret protection could adversely affect the Company's competitive business position. Where appropriate, WWT intends to rely on patented products and applications. Management will evaluate whether to seek patent protection for its products. The Company's ability to obtain patents is uncertain and the legal protection afforded by these patents is limited and may not adequately protect its rights or permit it to gain or keep any competitive advantage. It is also costly to apply for and maintain patents in multiple jurisdictions. In addition, the scope and enforceability of patent claims is highly uncertain due to

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the complex nature of the relevant legal, scientific and factual issues. Changes in either patent laws or interpretations of patent laws may diminish the value of WWT's intellectual property or narrow the scope of the Company's patent protection. Even if patents are issued relating to the Company's products and processes, competitors may challenge the validity of those patents. Patents also will not protect WWT's products and processes if competitors devise ways of making products without infringing such patents.

ENVIRONMENTAL RISKS AND HAZARDS

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

RELIANCE ON COLLABORATIVE PARTNERS

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

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

ADDITIONAL RISKS RELATING TO DOING BUSINESS INTERNATIONALLY

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

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

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

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

- adverse currency rate fluctuations;
- risks associated with complying with laws and regulations in the countries in which the Company's products are sold, and requirements to apply for and obtain licenses, permits or other approvals and the delays associated with obtaining such licenses, permits or other approvals;
- multiple, changing and often inconsistent enforcement of laws, rules and regulations;

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

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

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

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overall business, results of operations or financial condition of WWT.

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

RISKS OF LITIGATION

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

USER DATA AND CYBERSECURITY RISKS

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

INTERNAL CONTROLS

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

INSURANCE RISKS

WWT expects to maintain property and casualty insurance on certain of its assets. However, not all risks are covered by insurance and there is no assurance that insurance will be consistently available on an economically feasible basis or at all. WWT may also elect not to insure against certain liabilities due to high premium costs or for other reasons. Furthermore, although WWT expects to maintain insurance against such claims and in such amounts it considers adequate, there is no assurance that such insurance policies will be

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sufficient to cover each and every claim or loss involving the Company. If WWT were to suffer an uninsured loss, its business, financial condition, and results of operations could face material adverse effects.

TRANSACTION RISK

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

SUBSTANTIAL CAPITAL REQUIREMENTS

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

INTER-COMPANY TRANSFERS OF FUNDS

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

- the structuring and documentation of fund transfers as loan arrangements, capital investments and/or management services arrangements between relevant entities;
- internal approval process by the controller and the general manager at the subsidiary level, and for certain transactions exceeding the subsidiary's authority limits, by WWT's Chief Financial Officer; and
- compliance with internal procedures and applicable local regulations.

If any issues arising with the repatriation of funds it may have an adverse effect on WWT.