



# Water Ways

technologies

## **WATER WAYS TECHNOLOGIES INC.**

### **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS** **FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022**

**(UNAUDITED)**

**WATER WAYS TECHNOLOGIES INC.**

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## **WATER WAYS TECHNOLOGIES INC.**

### **NOTICE TO SHAREHOLDERS**

The accompanying unaudited condensed consolidated interim financial statements of WATER WAYS TECHNOLOGIES INC. for the three months ended March 31, 2022, have been prepared by management in accordance with International Financial Reporting Standards applicable to consolidated interim financial statements (Note 2). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited condensed consolidated interim financial statements, management is satisfied that these unaudited condensed consolidated interim financial statements have been fairly presented.

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

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

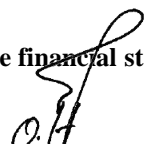
**WATER WAYS TECHNOLOGIES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(US Dollar in thousands)

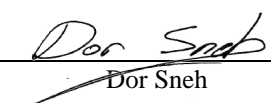
	<b>Note</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
		<b>Unaudited</b>	<b>Audited</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents		1,049	2,599
Restricted Cash		66	66
Trade accounts receivable, net		5,573	4,393
Advance payment		1,071	-
Other accounts receivable		661	666
Inventory		3,365	1,961
<b>Total current assets</b>		<b>11,785</b>	<b>9,685</b>
<b>NON-CURRENT ASSETS:</b>			
Deferred tax asset		40	39
Other accounts receivable		121	125
Intangible assets, net		922	959
Goodwill		916	916
Property, plant and equipment, net		427	361
<b>Total non-current assets</b>		<b>2,426</b>	<b>2,400</b>
<b>TOTAL ASSETS</b>		<b>14,211</b>	<b>12,085</b>
<b>CURRENT LIABILITIES:</b>			
Short term loans and current portion of long-term loans		1,040	885
Lease liabilities		19	18
Trade accounts payable		6,402	4,336
Deferred revenues		100	330
Other accounts payable		597	509
<b>Total current liabilities</b>		<b>8,158</b>	<b>6,078</b>
<b>NON-CURRENT LIABILITIES:</b>			
Long-term loans		420	489
Contingent liability		365	365
Share issuance liability		700	700
Lease liabilities		21	26
Tax liability		153	158
Derivative - warrants	4	4,468	5,037
<b>Total non-current liabilities</b>		<b>6,127</b>	<b>6,775</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	4	*	*
Additional paid in capital		7,129	6,780
Reserves		148	252
Retained earnings (deficit)		(7,414)	(7,863)
<b>Water Ways Technologies Inc shareholders' equity</b>		<b>(137)</b>	<b>(831)</b>
Non-controlling interest		63	63
<b>Total shareholders' equity</b>		<b>(74)</b>	<b>(768)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,211</b>	<b>12,085</b>

\* Represent an amount lower than 1 thousand.

The accompanying notes are an integral part of the financial statements

May 27, 2022  
Date of approval

  
Ohad Haber  
CEO & Executive Director

  
Dor Sneh  
CFO

**WATER WAYS TECHNOLOGIES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(In thousands of US Dollars, except for the number of shares)

		For the three months period ended March 31	
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>Unaudited</b>	<b>Unaudited</b>
<b>Revenues:</b>	6		
Services		714	2,540
Products		2,955	1,763
<b>Total revenues</b>		<b>3,669</b>	<b>4,303</b>
<b>Cost of revenues:</b>			
Services		538	1,946
Products		2,489	1,385
<b>Total cost of revenues</b>		<b>3,027</b>	<b>3,331</b>
<b>Gross profit</b>		<b>642</b>	<b>972</b>
Sales and marketing expenses		222	198
General and administrative expenses		555	384
<b>Operating (loss) profit</b>		<b>(135)</b>	<b>390</b>
Finance expenses		54	190
Finance income		161	10
Revaluation of derivatives		475	-
<b>Profit before taxes on income</b>		<b>447</b>	<b>210</b>
Tax on income (recovery)		(2)	36
<b>Profit for the period</b>		<b>449</b>	<b>174</b>
<b>Other comprehensive income (expense):</b>			
Item that will not be reclassified to profit or loss:			
Foreign currency translation differences		(63)	(41)
<b>Total other comprehensive (loss)</b>		<b>(63)</b>	<b>(41)</b>
<b>Net comprehensive profit</b>		<b>386</b>	<b>133</b>
<b>Profit for the period attributed to:</b>			
Non-controlling interests		*	16
Water Ways Technologies Inc Shareholders'		449	158
<b>Profit for the period</b>		<b>449</b>	<b>174</b>
<b>Total Comprehensive income (loss) for the period attributed to:</b>			
Non-controlling interests		*	16
Water Ways Technologies Inc Shareholders'		386	117
<b>Net comprehensive profit</b>		<b>386</b>	<b>133</b>
Basic profit per share attributable to shareholders :		0.003	0.002
Weighted average number of common shares outstanding:		144,575,132	93,807,428
Diluted profit per share attributable to shareholders :		0.002	0.002
Weighted average number of common shares outstanding:		190,091,143	105,627,284

\* Represent an amount lower than 1 thousand

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

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

**For the three months period ended March 31, 2022:**

	Number of Shares	Share capital	Additional paid-in capital	Retained deficit	Capital reserve for share-based payment	Currency translation adjustment	Total	Non- controlling interests	Total Shareholders' equity
<b>Balance at January 1, 2022</b>	<b>143,575,710</b>	<b>*</b>	<b>6,780</b>	<b>(7,863)</b>	<b>247</b>	<b>5</b>	<b>(831)</b>	<b>63</b>	<b>(768)</b>
Net income				449			449	*	449
Other comprehensive income (loss):									
Exchange differences on translating foreign operation						(64)	(64)	-	(64)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>449</b>	<b>-</b>	<b>(64)</b>	<b>385</b>	<b>*</b>	<b>385</b>
Exercise of Options to employees and directors	350,000	-	46	-	(13)	-	33	-	33
Exercise of Options to service providers	450,000	-	116	-	(27)	-	89	-	89
Exercise of PP Warrants	645,000	-	183	-	-	-	183	-	183
Exercise of Finder Warrants	15,680	-	4	-	-	-	4	-	4
<b>Balance at March 31, 2022</b>	<b>145,036,390</b>	<b>*</b>	<b>7,129</b>	<b>(7,414)</b>	<b>207</b>	<b>(59)</b>	<b>(137)</b>	<b>63</b>	<b>(74)</b>

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

**For the three months period ended March 31, 2021:**

	Number of Shares	Share capital	Additional paid-in capital	Retained deficit	Capital reserve for share-based payment	Currency translation adjustment	Total	Non- controlling interests	Total Shareholders' equity
<b>Balance at January 1, 2021</b>	<b>90,484,263</b>	<b>*</b>	<b>2,946</b>	<b>(2,451)</b>	<b>46</b>	<b>2</b>	<b>543</b>	<b>(46)</b>	<b>497</b>
Net income				158			158	16	174
Other comprehensive income (loss):									
Exchange differences on translating foreign operation						(41)	(41)	-	(41)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158</b>	<b>-</b>	<b>(41)</b>	<b>117</b>	<b>16</b>	<b>133</b>
Stock based compensation	-	-	-	-	*	-	*	-	*
Warrant exercise	9,969,495	*	720	-	-	-	720	-	720
<b>Balance at March 31, 2021</b>	<b>100,453,758</b>	<b>*</b>	<b>3,666</b>	<b>(2,293)</b>	<b>46</b>	<b>(39)</b>	<b>1,380</b>	<b>(30)</b>	<b>1,350</b>

\*Represent an amount lower than 1 thousand

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

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

	For the three months period ended March 31, 2022	For the three months period ended March 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit for the period	449	174
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	66	21
Stock based compensation	(17)	(*)
Accrued interest	9	15
Change in short term deposits	*	2
(Increase) in trade accounts receivable, net	(1,180)	(427)
(Increase) in other accounts receivable and advance payment	(1,062)	(279)
(Increase) in inventory	(1,404)	(1,561)
Increase in trade accounts payable	2,066	994
Increase in other accounts payable	88	393
Change in fair value of derivative- warrants	-	145
Change in fair value of derivative- PP Warrants	(475)	-
(Decrease) increase in deferred revenues	(230)	278
Decrease (increase) in deferred taxes	(7)	38
<b>Net cash used in operating activities</b>	<b>(1,697)</b>	<b>(207)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment, net	(82)	(2)
Change in short term deposits	-	120
<b>Net cash (used in) provided by investing activities</b>	<b>(82)</b>	<b>118</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of bank loans	(203)	(361)
Receipt of bank loans	280	382
Lease payments	(4)	(4)
Exercise of options	118	-
Exercise of warrants	93	472
<b>Net cash provided by financing activities</b>	<b>284</b>	<b>447</b>
<b>Effect of foreign exchange rate changes on cash</b>	<b>(55)</b>	<b>18</b>
<b>Decrease in cash and cash equivalents</b>	<b>(1,440)</b>	<b>376</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>2,599</b>	<b>319</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,049</b>	<b>695</b>

\*Represent an amount lower than 1 thousand.

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



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

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

	<b>For the three months period ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Interest	9	19

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

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

**NOTE 1 – GENERAL:**

- A. Water Ways Technologies Inc. ("**Water Ways**", "**WWT**" or the "**Company**") was incorporated under the Business Corporations Act (Ontario) on April 20, 2007 and was classified as a Capital Pool Corporation as defined by TSX Venture Exchange ("**TSX-V**" or "**Exchange**") Policy 2.4. Water Ways Technologies Inc. is the parent company of Irri-Al-Tal Ltd. ("**Irri-Al-Tal**" or "**IAT**"), Heartnut Grove WWT Inc. ("**HGWWT**"), Zoryan Trade S.A. ("**Zoryan**") and Maravey Corporation S.A. ("**Maravey**"), and indirectly through Irri-Al-Tal of H.D.P Irrigation Ltd. ("**H.D.P**") and IRRI-AL TAL (Shanghai) Agriculture Technology Company Ltd. ("**IRRI-AL TAL (Shanghai)**" or "**IAT Shanghai**"). The Company's registered address and principal place of business is 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1.
- B. Water Ways is an agriculture technology company that specializes in providing water irrigation solutions to agricultural producers. The Company competes in the global irrigation water systems market with a focus on developing solutions with commercial applications in the micro and precision irrigation segments of the overall market.
- C. 1. Irri-Al-Tal was incorporated on October 11, 2003, under the laws of the State of Israel.  
2. On March 6, 2019, Water Ways completed its Qualifying Transaction by completing a reverse takeover.  
3. On June 17, 2019, the Company announced that it had closed its previously announced acquisition of certain assets of Heartnut Grove Inc. ("**Heartnut**") and established HGWWT.  
4. On October 27, 2019, Water Ways, thorough Irri-Al-Tal, established a new Israeli company, H.D.P, of which Irri Al-Tal holds a 73% interest.  
5. On February 26, 2020, H.D.P established a new wholly owned subsidiary in the Republic of China, IRRI-AL TAL (Shanghai).  
6. On September 2, 2020, Water Ways acquired 52% interest in two companies, incorporated and existing in the Oriental Republic of Uruguay, Zoryan and Maravey.
- D. The 2019 Novel Coronavirus infection ("**Coronavirus**", "**Covid-19**" or the "**Event**") pandemic poses a major public health threat. It has hindered the movement of people and goods worldwide, and many governments are instituting restrictions on both individuals and businesses. The resulting impact on financial reporting will be significant. Significant development and spread of the coronavirus did not take place until January 2020, with the World Health Organization (WHO) announcing the coronavirus as a global health emergency on January 30, 2020, which prompted national governments around the world to begin putting actions in place to slow the spread of Covid-19. Furthermore, significant measures taken by the Chinese government and by private sector organizations did not take place until early 2020. On March 11, 2020, the WHO declared Covid-19 a global pandemic and suggested worldwide containment and mitigation measures. In response to the pandemic, the Company has adjusted its business practices with a

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

**NOTE 1 – GENERAL (CONT.):**

focus on the health and well-being of our employees and their families, customers, partners, service providers, and communities. Certain of the Company's offices have been subject to government-mandated lockdowns for some periods of time and the Company's supply chains have been adversely affected. However, the Company's teams have been able to perform their functions remotely without meaningful reductions in the Company's ability to service its customers. The Company has not experienced any cancellations of existing orders or agreements but has experienced many delays in orders from vendors. As a result, customer orders were delayed as well. While attitudes are now more positive as a result of vaccination developments, experience of a "fifth wave" (and in some cases now a sixth) varies significantly around the world and may change rapidly as we have seen in the past. The Company continues to take all appropriate precautions both in its operations and in its planning.

- E. The geopolitical situation of tension in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. In addition to the human toll and impact of the events on entities that have operations in Russia, Ukraine, or neighboring countries or that conduct business with their counterparties, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. Because of its broader impact on these macroeconomic conditions, the Company may need to consider the war's effect on certain accounting and financial reporting matters. The degree to which the Company is or will be affected by them largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. The potential impact on the Company may cause delays in 2022 projects in Uzbekistan and other regional territories which conduct business with Russia.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:**

These consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financials were prepared based on the same accounting policy as of the annual financials. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ending December 31, 2021. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS are not included in these condensed consolidated interim financial statements as signed on April 28, 2022.

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

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

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

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

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

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

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

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

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

A. On January 12, 2022, the Company announced that it has entered into an agreement with Desarrollo de Sistemas Hidraulicos S.A. ("**Hidrotop**"), an irrigation company based in Chile, and the shareholders of Hidrotop (collectively the "**Sellers**") for the acquisition (the "**Acquisition**") of 51% of the shares of Hidrotop (the "**Shares**"). In consideration for the Shares, WWT will pay an aggregate acquisition price of US\$3,500,000, upon closing of the Acquisition (the "**Closing**") consisting of: (i) a one-time cash payment equal to US\$2,000,000; and (ii) issue 5,686,364 common shares in the capital of Water Ways (the "**Subject Shares**") at a deemed price per Subject Share of CDN\$0.33, subject to a standard four month and one day hold period from Closing. The Subject Shares will be issued as directed by the Sellers. The completion of the Acquisition is anticipated to be on or before May 30, 2022 or such later date as may be mutually agreed upon between the parties. The Acquisition is subject to satisfactory completion of a due diligence review of Hidrotop, the determination of the appropriate structure of the Acquisition and execution of a definitive agreement relating to the Acquisition. The Acquisition (including the issuance of the Subject Shares) is subject to the fulfillment of certain conditions precedent as are customary for transactions of this nature including the approval of the TSX Venture Exchange.

**NOTE 4 – SHAREHOLDERS' EQUITY:**

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

**Shares, Warrants and Options Outstanding as of March 31, 2021:**

<u>Security</u>	<u>Number Outstanding</u>	<u>Exercise Price in CAD\$</u>	<u>Expiry Date</u>
Ordinary shares	145,036,390	-	
Options for directors	800,000	0.25	6/3/2024
Options for employees	2,973,527	0.06	25/6/2024
Options for directors and employees	800,000	0.06	14/5/2025
PP Warrant	25,982,346	0.18	30/6/2024
PP Warrant	9,544,536	0.18	3/8/2024
Finder Warrant	2,145,653	0.12	30/6/2024
Finder Warrant	950,782	0.12	3/8/2024
Participant Options	1,410,000	0.195	29/8/2026
Options for service provider	450,000	0.24	
<b>Total securities</b>	<b>187,295,118</b>		
* Repriced to \$0.06/share			

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

**NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):**

**A. Private Placement**

1. On June 30 and July 27, 2021, the Company announced the escrow closing of the first tranche (the "**First Tranche**") and the second tranche (the "**Second Tranche**"), respectively, of a private placement (the "**Offering**") of up to 33,333,333 units (the "**PP Units**") at a price of CAD\$0.12 per PP Unit. The First Tranche and Second Tranche escrow closing resulted in the issuance of 27,016,666 and 10,022,850 PP Units, respectively. Each PP Unit is composed of one common share of the Company and one common share purchase warrant (the "**PP Warrants**").
2. On August 8, 2021, the Company announced that it had received oversubscriptions for the Offering, fulfilled all escrow conditions for both tranches, resulting in the release from escrow to the Company, of an aggregate amount of \$3,574 (equivalent to CAD\$4,445) (the "**Aggregate Gross Proceeds**"). Pursuant to the Offering, the Company issued an aggregate of 37,039,516 PP Units at a price of CAD\$0.12 per Unit. Each PP Unit is composed of one common share of the Company and one PP Warrant. Each whole PP Warrant entitles the holder thereof to acquire one additional common share of the Company (each a "**Warrant Share**"), upon payment to the Company of CAD\$0.18 per Warrant Share until June 30, 2024 (in respect of 27,016,666 PP Warrants) and August 3, 2024 (in respect of 10,022,850 PP Warrants), however, that if, following July 1, 2022, the volume weighted average price is CAD\$0.24, the Company may, upon providing written notice to the holders of the PP Warrants, accelerate the expiry date of the PP Warrants to the date that is 30 days following the date of such written notice.

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

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

- a) on August 6, 2021, the Company granted 3,040,000 Restricted Share Units ("**Participant RSU**") to directors and employees pursuant to the terms of the Company's RSU plan. Of this amount, 1,950,000 Participant RSUs were granted to directors. The remaining 1,090,000 Participant RSU's were granted to employees.
- b) On August 29, 2021, The Company granted 1,560,000 stock options ("**Participant Options**") to directors and employees pursuant to the terms of the Company's stock option plan. Of this amount, 700,000 Participant Options were granted to directors and shall vest immediately. The remaining 860,000 Participant Options were granted to employees and shall also vest immediately. All Participant Options shall have an exercise price of CAD\$0.195 and shall expire 5 years after their grant.

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

**NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):**

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

**1. Options and shares granted to employees and directors (cont.):**

- c) On November 9, 2021, The Company granted 900,000 stock options ("**Provider Options**") to a service provider pursuant to the Company's stock option plan with an exercise price of CAD\$0.24 to be vested over 12 months, with 25% due day one and 25% due every three month thereafter. During the three months period ended March 31, 2022, the Company received instructions to exercise 450,000 Provider Options at an exercise price of \$CAD0.24 resulting in the issuance of an equal number of common shares and proceeds to the Company of \$86 (equivalent to CAD\$108).
- d) During the three months period ended March 31, 2022, the Company received instructions to exercise 200,000 Options at an exercise price of \$CAD0.06 resulting in the issuance of an equal number of common shares and proceeds to the Company of \$9 (equivalent to CAD\$12). In addition, the Company received instructions to exercise 150,000 Participant Options at an exercise price of \$CAD0.195 resulting in the issuance of an equal number of common shares and proceeds to the Company of \$23 (equivalent to CAD\$29).

A summary of the status of the Company's option plan granted to employees and directors as of March 31, 2022, and changes during the relevant period ended on that date is presented below:

	<b>Year ended December 31, 2021</b>		<b>Year ended December 31, 2021</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
Outstanding at beginning of year	6,333,527	CAD\$0.12	5,173,527	CAD\$0.06
Granted	-	-	1,560,000	CAD\$0.195
Exercised	350,000	CAD\$0.12	-	-
Forfeited and cancelled	-	-	400,000	-
Outstanding at end of the period	<b>5,983,527</b>	<b>CAD\$0.12</b>	<b>6,333,527</b>	<b>CAD\$0.12</b>
Exercisable options	<b>5,983,527</b>	<b>CAD\$0.12</b>	<b>6,333,527</b>	<b>CAD\$0.12</b>

The options to employees outstanding as of March 31, 2022, are comprised, as follows:

<b>Exercise price</b>	<b>Outstanding as of December 31, 2021</b>	<b>Weighted average remaining contractual term</b> (years)	<b>Exercisable as of December 31, 2021</b>	<b>Weighted average remaining contractual term</b> (years)
CAD\$0.25	800,000	1.89	800,000	1.89
CAD\$0.06	2,973,527	2.19	2,973,527	2.19
CAD\$0.06	800,000	3.09	800,000	3.09
CAD\$0.195	1,410,000	4.41	1,410,000	4.41
	<b>6,333,527</b>		<b>6,333,527</b>	

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**NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):**

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

**2. Derivative liability - Warrants:**

In accordance with IAS 32, since the exercise prices of the PP Warrants and Finder Warrants issued are not a fixed amount as they are denominated in a currency (Canadian dollar) other than the Company's functional currency (U.S. dollar), the PP Warrants and the Finder Warrants are accounted for as a derivative financial liability. Each warrant liability is initially measured at fair value and subsequent changes in fair value are recorded through Net and Comprehensive Loss for the year. The fair value of the PP Warrants and Finder Warrants was determined initially using a comparable warrant quoted in an active market, adjusted for differences in the terms of the warrant. The PP Warrants and Finder Warrants were categorized as level 3 (see Note 2 to the Audited Financial Statements - Fair value measurement). As of March 31, 2022, the Warrant's fair value measurement was \$4,468.

- a) On March 11, 2021, the Company announced that prior to the expiry of its repriced Warrants, it received instructions to exercise a total of 10,036,458 Warrants (equaling 89% of all outstanding Warrants) resulting in the issuance of an equal number of common shares and aggregate proceeds to the Company of \$475,437 (equivalent to CAD\$602,187). During the three months period ended March 31, 2021, the Company received instructions to exercise 9,969,495 Warrants resulting in the issuance of an equal number of common shares and aggregate proceeds to the Company of \$472,130 (equivalent to CAD\$598,170).
- b) On June 30, 2021, the Company's Offering resulted in the issuance of 27,016,666 PP Warrant and 2,161,333 Finder Warrant (see Note 4A).
- c) On July 27, 2021, the Company's Offering resulted in the issuance of 10,022,850 PP Warrant and 1,227,468 Finder Warrant (see Note 4A).
- d) During the three months period ended March 31, 2022, the Company received instructions to exercise 645,000 PP Warrants resulting in the issuance of an equal number of common shares and aggregate proceeds to the Company of \$91 (equivalent to CAD\$116). In addition, the Company received instructions to exercise 15,680 Finder Warrants resulting in the issuance of an equal number of common shares and PP Warrant and aggregate proceeds to the Company of \$2 (equivalent to CAD\$3).

The following table reflects the continuity of warrants for the periods presented:

<b>Warrant activity</b>	<b>Exercisable on March 31, 2022</b>	<b>Weighted average exercise price</b>
<b>Balance – Beginning of Period</b>	39,268,317	
Issued during the period (PP Warrant)	15,680	CAD\$0.18
Exercised during the period (PP Warrants)	(645,000)	CAD\$0.18
Exercised during the period (Finder Warrant)	(15,680)	CAD\$0.12
Exercised during the period		
<b>Balance – End of Period</b>	<b>38,623,317</b>	



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**NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):**

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

**2. Derivative liability – Warrants (cont.):**

Warrant activity	Exercisable on December 31, 2021	Weighted average exercise price
<b>Balance – Beginning of Period</b>	12,053,977	CAD\$0.06
Issued during the period (Finder Warrant)	3,388,801	CAD\$0.12
Issued during the period (PP Warrant)	37,039,516	CAD\$0.18
Issued during the period (PP Warrant)	276,686	CAD\$0.18
Expired during the period (Broker Warrant)	(2,084,482)	CAD\$0.06
Exercised during the period (Warrants)	(9,969,495)	CAD\$0.06
Exercised during the period (PP Warrants)	(1,160,000)	CAD\$0.18
Exercised during the period (Finder Warrant)	(276,686)	CAD\$0.12
<b>Balance – End of Period</b>	<b>39,268,317</b>	

The fair value measurement of the warrants in the table above, using the Black-Scholes model, is based on significant unobservable inputs and thus represent a level 3 measurement within the fair value hierarchy. The key inputs that were used in measuring the fair value of the Warrants were: risk free interest rate- 0.62%, expected volatility-100%, expected dividend yield 0% and expected term- 1.5 year. The Company considers expected volatility of the shares of comparable companies and its Common Shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the warrants was based on the yield available on Canadian government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term.

**NOTE 5 – SEGMENT REPORTING:**

The Company identifies Mr. Haber who is the Company's CEO and principal shareholder as its Chief Operating Decision Maker ("CODM").

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

Summarized financial information by segment, based on the Company's internal financial reporting system utilized by the Company's CODM, as follows:



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**NOTE 5 – SEGMENT REPORTING (CONT.):**

For the three months period ended March 31, 2022:

	HGWWT	IAT	IAT	HGWWT	IAT Shanghai	Water Ways	Company Total
	Products			Project Services			
<i>Revenues</i>							
External	1,705	1,250	242	365	107	-	3,669
Inter-segment	-	48	-	-	-	-	48
<i>Total</i>	1,705	1,298	242	365	107	-	3,717
<i>Segment gross profit</i>	285	181	52	80	44	-	642
<u>Non-allocated:</u>							
Expenses*							777
Finance income, net							582
<b>Profit before provision for income taxes</b>							<b>447</b>

\*H.D.P., Zoryan and Maravey included

Non-current assets as of March 31, 2022:

	HGWWT	IAT	IAT Shanghai	Water Ways	Company Total
Deferred tax asset	17	23	-	-	40
Other accounts receivable	-	121	-	-	121
Intangible assets	79	180	663	-	922
Goodwill	130	-	786	-	916
Property, plant and equipment, net (including ROU asset)	99	324	4	-	427

For the three months period ended March 31, 2021:

	HGWWT	IAT	IAT	HGWWT	IAT Shanghai	Water Ways	Company Total
	Products			Project Services			
Revenues	1,204	559	2,145	133	257	5	4,303
Cost of revenues	900	485	1,690	100	152	4	3,331
Segment gross profit	304	74	455	33	105	1	972
Non-allocated expenses							582
Finance expenses, net							180
<b>Loss before provision for income taxes</b>							<b>210</b>

\*H.D.P., Zoryan and Maravey included

**WATER WAYS TECHNOLOGIES INC.**  
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**NOTE 5 – SEGMENT REPORTING (CONT.):**

Non-current assets as of December 31, 2021:

	<b>HGWWT</b>	<b>IAT</b>	<b>IAT Shanghai</b>	<b>Water Ways</b>	<b>Company Total</b>
Deferred tax asset	16	23	-	-	39
Other accounts receivable	-	125	-	-	125
Intangible assets	85	185	689	-	959
Goodwill	130	-	786	-	916
Property, plant and equipment, net (including ROU asset)	96	260	5	-	361

**NOTE 6 – REVENUES:**

**1. Geographic Areas Information:**

The following present total revenues for the three months period ended March 31, 2022 and 2021:

	<b>For the nine months period ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Canada	2,069	1,342
South and Central America	1,181	410
Israel	180	230
Asia	107	2,183
Africa	76	50
Europe	56	88
<b>Total revenues</b>	<b>3,669</b>	<b>4,303</b>

**2. Principal Customers:**

Major customers of the Company's revenues:

	<b>For the three months period ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Customer A	14%	20%
Customer B	10%	19%
Customer C	6%	11%