



**SECOND QUARTER 2025
UNAUDITED CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS AND NOTES**

(Expressed in Canadian Dollars)

The auditor of Current Water Technologies Inc. has not performed a review of the unaudited condensed interim statement for the periods ended June 30, 2024 and June 30, 2025.

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NOTICE TO READER

The Company has compiled the condensed statement of financial position of Current Water Technologies Inc. as at June 30, 2025 and the condensed statements of earnings and comprehensive loss, changes in equity and cash flows for the period then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

CONDENSED STATEMENT OF FINANCIAL POSITION

Expressed in Canadian Dollars	As at June 30 2025	As at December 31 2024
CURRENT ASSETS		
Cash and cash equivalents	95,204	79,115
Accounts receivable	211,788	263,764
Inventories	307,050	307,050
Prepaid	(33,047)	120,729
Current total	580,995	770,658
RIGHT-TO-USE ASSET (note 5)	588,301	692,119
PROPERTY, PLANT AND EQUIPMENT (note 3)	69,024	77,494
INTANGIBLE ASSETS (Patents) (note 4)	2,978	3,261
	1,241,298	1,543,532
CURRENT LIABILITIES		
Current		
Accounts payable and accrued liabilities	559,552	475,385
Deferred revenue	463,832	463,832
Lease Liability	40,368	201,426
Bank loans (note 6)	-	-
	1,063,752	1,140,643
Long term		
Lease Liability	586,665	530,839
	586,665	530,839
SHAREHOLDERS' DEFICIT		
CAPITAL STOCK (note 7)	21,647,916	21,327,916
Shares to be issued	209,450	280,000
Warrants	304,628	304,628
Contributed surplus	8,523,975	8,523,975
	30,685,969	30,436,520
DEFICIT	(31,095,089)	(30,564,470)
	(409,119)	(127,950)
	\$ 1,241,298	\$1,543,532

APPROVED ON BEHALF OF THE BOARD:

"Gene Shelp"
Gene Shelp, Director

"Edward Tsang"
Edward Tsang, Director

(The accompanying summarized notes form an integral part of these unaudited condensed interim financial statements)
Prepared without audit – see Notice to Reader

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Common shares		Shares to be Issued	Warrants	Contributed Surplus	Deficit	Total
	Number	Amount					
Balance – January 1, 2024	212,275,038	\$ 20,827,916	\$ -	\$ 985,520	\$7,829,338	\$ (29,546,183)	\$ 96,591
Net loss/income						61,093	61,093
Share-based payments					11,447		11,447
Private Placement	16,666,666	500,000					500,000
Expiration of warrants		-		(680,891)	680,891		-
Balance June 30, 2024	228,941,704	21,327,916	-	304,629	8,521,676	(29,485,090)	669,131
Net loss/income						(1,079,380)	(1,079,380)
Share-based payments					2,299		2,299
Share to be issued			280,000				280,000
Share issue cost							-
Private Placement	-	-					-
Warrants exercised							-
Balance – December 31, 2024	228,941,704	21,327,916	280,000	304,629	8,523,975	(30,564,470)	(127,950)
Balance – January 1, 2025	228,941,704	21,327,916	280,000	304,629	8,523,975	(30,564,470)	(127,950)
Net loss/income						(530,619)	(530,619)
Share-based payments					-		-
Shares to be issued			(70,550)				(70,550)
Private Placement	10,666,666	320,000					320,000
Expiration of warrants							-
Balance – June 30, 2025	239,608,370	21,647,916	209,450	304,629	8,523,975	(31,095,089)	(409,119)

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CONDENSED statements of INCOME (LOSS) and comprehensive INCOME (loss)

Expressed in Canadian Dollars	Six months ended 30-Jun		Three months ended 30-Jun	
	2025	2024	2025	2024
REVENUE - sales	\$ 567,895	\$ 1,349,804	\$ 282,743	\$ 481,225
EXPENSES				
Direct operating expenses	\$ 729,639	\$ 808,422	\$ 342,272	\$ 279,468
General and administrative expenses	229,190	324,949	98,864	162,757
Interest expense - long term	27,115	28,815	10,768	13,689
Depreciation and amortization	112,571	115,079	56,286	57,539
Share-based payments	-	11,446	-	4,025
	<u>\$ 1,098,515</u>	<u>\$ 1,288,711</u>	<u>\$ 508,190</u>	<u>\$ 517,478</u>
NET EARNINGS (COMPREHENSIVE LOSS) FOR THE PERIOD	<u>\$ (530,619)</u>	<u>\$ 61,093</u>	<u>\$ (225,447)</u>	<u>\$ (36,252)</u>
Basic and diluted earnings (loss) per share	<u>(0.002)</u>	<u>0.000</u>	<u>(0.001)</u>	<u>(0.000)</u>
Weighted average number of shares outstanding – basic and diluted	<u>221,909,741</u>	<u>221,909,741</u>	<u>221,909,741</u>	<u>221,909,741</u>

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CONDENSED STATEMENTS OF CASH FLOWS

Expressed in Canadian dollars	Six months ended June 30	
	2025	2024
Operating activities		
Net earnings (loss) for the period	\$ (530,619)	\$ 61,093
Add: Items not involving an outlay of cash		
Depreciation and amortization	112,571	115,079
Share-based payments	-	11,446
	\$ (418,048)	\$ 187,618
Changes in non-cash working capital		
Decrease (Increase) in accounts receivable	51,975	344,994
Decrease (Increase) in inventories	-	2,005
Decrease (Increase) in prepaid expenses	153,775	(21,353)
Increase (Decrease) in accounts payable and accrued liabilities	84,167	(226,173)
Increase (Decrease) in deferred revenue	-	(469,831)
Cash flow from operating activities	\$ (128,131)	\$ (182,740)
Financing activities		
Common Shares issued for cash (net share issue costs)	40,000	500,000
Proceeds from shares to be issued	209,450	-
Repayment of loans payable	-	(120,000)
Reduction in lease liability	(105,231)	\$ (44,626)
Cash flow from financing activities	\$ 144,219	\$ 335,374
Net change in cash and cash equivalents during the period	16,089	\$ 152,635
Cash and cash equivalents, beginning of period	79,115	\$ 113,140
Cash and cash equivalents, end of period	\$ 95,204	\$ 265,776
Non-cash investing and financing activities		
Interest paid in cash	\$ 30,614	\$ 31,923

(The accompanying summarized notes form an integral part of these unaudited condensed interim financial statements)
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SUMMARIZED NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDING JUNE 30, 2025 (CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

1. DESCRIPTION OF BUSINESS

CORPORATE INFORMATION

Current Water Technologies Inc. (the 'Company'), is incorporated under the Ontario Business Corporations Act and is a publicly traded company whose common shares are listed under the symbol "WATR" on the TSX Venture Exchange. Previously the Company's name was Enpar Technologies Inc. under the symbol "ENP" on the TSX Venture Exchange and changed its name effective January 2, 2018. The Company is engaged in the development of innovative electrochemical water treatment and environmental technologies. The Company currently markets its products throughout the world and in this regard the Company has signed a number of marketing and distribution agreements with various parties granting exclusive rights to these parties for the sale of the Company's various technologies in specific geographic regions. The Company's corporate head office and principal place of business is located at 70 Southgate Drive, Unit 4, Guelph, Ontario, Canada N1G 4P5.

BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements ("interim financial statements") of Current Water Technologies Inc. were approved for issuance by the Board of Directors on August 29, 2025. The interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These interim financial statements do not include all disclosures normally provided in consolidated annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended December 31, 2024.

The policies applied in these interim consolidated financial statements are based on IFRS's issued and outstanding as of September 30, 2019. Any subsequent changes to IFRS, which may give effect to the Company's annual financial statements for the year ending December 31, 2024, could result in restatement of these interim financial statements.

These financial statements have been prepared under the assumption that the Company is a going concern. This assumption, among other things, contemplates that the Company will be able to realize on its assets and discharge its liabilities in the normal course of operations. The Company had net loss during the six months period in the amount of \$530,619 (2024: \$61,093), resulting in an accumulated deficit of \$31,095,089 (2024: deficit of \$29,485,090) and generated a cash flow from operations in the amount of negative \$128,131 (2024: \$118,946). The Company has been able to fund these operating losses mainly by raising equity; however, there can be no assurance that the Company will be able to do so in the future. Should the going concern assumption be proven to be invalid the carrying amounts of certain assets may have to be restated. Management has estimated that the Company will have adequate funds from existing working capital to meet its corporate, administrative, and other obligations for the coming year.

These interim financial statements are presented in Canadian dollars, which is our presentation and functional currency. These interim financial statements have been prepared using the historical cost basis except for certain financial instruments that have been evaluated at fair value. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

These condensed interim consolidated financial statements incorporate the financial statements of Current Water Technologies Inc. and its subsidiary, Pumptronics Incorporated over which Current Water Technologies Inc. has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. The Company owns 100% of Pumptronics.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these condensed interim financial statements are consistent with those described in the notes to the Company's annual financial statements for the year ended December 21, 2024.

(a) KEY ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates are used when accounting for items such as share-based payments and warrants, impairment of long-lived assets, percentage of completion on contracts, onerous contracts, collectability of receivables, inventory obsolescence and business combinations. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(b) CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consist of cash, demand deposits, and short-term investments which are highly liquid and having an initial term of less than 90 days. The cash and cash equivalents balance of \$95,204 has been invested in bank deposits.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost January 1, 2025	Accumulated Amortization January 1, 2025	Additions (disposal)	Depreciation	Impairment loss	Net June 30, 2025
Office furniture and fixtures	\$ 72,118	\$ 68,215	\$ -	\$ 390	\$ -	\$ 3,512
Equipment	205,822	160,655	-	4,517	-	40,651
Computer hardware	143,689	129,272	-	2,163	-	12,254
Automotive	85,849	71,841	-	1,401	-	12,608
Leasehold improvements	313,298	313,298	-	-	-	-
Demonstration units	50,872	50,872	-	-	-	-
	<u>\$ 871,649</u>	<u>\$ 794,153</u>	<u>\$ -</u>	<u>\$ 8,470</u>	<u>\$ -</u>	<u>\$ 69,025</u>

	Cost January 1, 2024	Accumulated Amortization January 1, 2024	Additions (disposal)	Depreciation	Impairment loss	Net December 31, 2024
Office furniture and fixtures	\$ 72,118	\$ 67,239	\$ -	\$ 976	\$ -	\$ 3,903
Equipment	205,822	149,364	-	\$ 11,292	-	\$ 45,166
Computer hardware	143,689	123,093	-	\$ 6,179	-	\$ 14,417
Automotive	85,849	68,339	-	\$ 3,502	-	\$ 14,008
Leasehold improvements	313,298	313,298	-	-	-	-
Demonstration units	50,872	50,872	-	-	-	-
	\$ 871,649	\$ 772,205	\$ -	\$ 21,948	\$ -	\$ 77,494

4. INTANGIBLE ASSETS

	Cost January 1, 2025	Accumulated Amortization January 1, 2025	Additions Disposals	Amortization	Impairment Loss	Net June 30, 2025
Patents	\$ 548,692	\$ 547,337	\$ -	\$ 226	\$ -	\$ 1,128
Right to technology	10,000	8,093	-	57	-	1,850
	\$ 558,692	\$ 555,431	\$ -	\$ 283	\$ -	\$ 2,978

	Cost January 1, 2024	Accumulated Amortization January 1, 2024	Additions Disposals	Amortization	Impairment Loss	Net December 31, 2024
Patents	\$ 548,692	\$ 546,885	\$ -	\$ 452	\$ -	\$ 1,354
Right to technology	10,000	7,972	-	121	-	1,907
	\$ 558,692	\$ 554,858	\$ -	\$ 573	\$ -	\$ 3,261

5. RIGHT OF USE ASSET

Right of use ("ROU") assets

ROU assets are initially recorded at cost, which comprises the initial amount of the lease liability and any initial direct costs incurred less any lease payments made at or before the initial recognition date. ROU assets are depreciated on a straight-line basis over the estimated useful life of the asset if the Corporation expects to take ownership of the asset at the end of the lease term, or over the lease term if the Corporation does not expect to take ownership of the asset at the end of the lease term. The lease term includes periods covered by an option to extend if the Corporation's intention is to exercise that option. ROU assets are periodically reduced by impairment losses, if any, and adjusted for re-measurements of the lease obligation.

Lease liabilities

The lease liability is measured at the present value of the expected lease payments over the lease term, discounted at the implicit rate in the lease; if the rate cannot be determined, the incremental borrowing rate of the asset or asset grouping is used. The lease liability is increased for the passage of time and payments on the lease are offset against the lease liability.

The liability is subsequently re-measured when there is a change in the lease agreement, such as a change in future lease payments or if the Corporation decides to purchase, extend or terminate the lease option. When the lease liability is re-measured, an adjustment is applied to the carrying value of the ROU asset.

	Cost January 1, 2025	Accumulated Amortization January 1, 2025	Additions Disposals	Amortization	Impairment Loss	Net June 30, 2025
Right to Use Asset	\$ 1,038,179	\$ 346,060		\$ 103,818		\$ 588,301

	Cost January 1, 2024	Accumulated Amortization January 1, 2024	Additions Disposals	Amortization	Impairment Loss	Net December 31, 2024
Right to Use Asset	\$ 1,038,179	\$ 138,424	\$ -	\$ 207,636	\$ -	\$ 692,119

6. BANK LOANS

During the prior years, there was a global outbreak of COVID-19 (coronavirus), which had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The outbreak of coronavirus impacted the company's business resulting in reduction of sales revenue for the current year. As a result of the outbreak the Company obtained bank loans financing totaling \$120,000 under the terms of the Canada Emergency Business Account ("CEBA"). The loans were government guaranteed, non-interest bearing loans until December 31, 2022 (subsequently extended to December 31, 2023). If 75% of the loan was repaid by December 31, 2022 (subsequently extended to December 31, 2023) the remaining 25% balance would be forgiven. If the loans were not repaid by December 31, 2022 (subsequently extended to December 31, 2023) the loans would bear interest at an annual rate of 5% per annum and would be due in full by December 31, 2025. On January 12, 2024 the Company repaid 75% of the bank loans and earned the 25% portion in forgiven loans for a total of \$40,000.

7. CAPITAL STOCK

- (a) Capital stock consists of 239,608,370 common shares outstanding as at June 30, 2025. An unlimited number of common shares and an unlimited number of preferred shares are authorized. To date the Company has not issued any preferred shares. The following are share issuances and cancellations for the most recently completed quarter. As of the date of this Financial Statement 246,590,037 common shares are outstanding.
- i) May 26, 2025 the Company closed a non-brokered private placement to accredited investors for 6,981,667 units at a price of \$0.03 per unit for gross proceeds of \$209,450. Each Unit consists of one common share and one Share Purchase Warrant at a price of \$0.06. This Private Placement did not include Finder's Fees. The shares and warrants were not issued until approval from the TSXV was received on July 10, 2025.
 - ii) On February 12, 2025, the Company closed a non-brokered private placement to accredited investors for 10,666,666 units at a price of \$0.03 per unit for gross proceeds of \$320,000. Each Unit consists of one common share. This Private Placement did not include Share Purchase Warrants and Finder's Fees were not paid.

- iii) Basic income (loss) per share was calculated on the basis of the weighted average number of common shares outstanding for the year. Fully dilutive income (loss) per share has not been disclosed as the exercise of the common share purchase options and warrants outstanding as at June 30, 2025 and 2024 would have anti-dilutive effect.

(b) Stock incentive plan

Approved by the shareholders on September 25, 2000, and amended on June 5, 2008, November 29, 2013, November 28, 2014, November 27, 2015, December 17, 2021, and December 23, 2022, December 20, 2024, and pursuant to Policy 4.4 of the TSX Venture Exchange, the Company maintains a Stock Incentive Plan for designated officers, directors, consultants and employees. Each stock option entitles the holder to one common share. Under the terms of the plan the term of the options shall not exceed five years. The Option price of any shares in respect of which an option may be granted under the Plan shall be not less than the closing price of the Company's common shares on the TSX Venture Exchange on the last day of trading immediately preceding the date of the grant less any applicable discount, provided that where the common shares have not traded for a period of twenty days (20) preceding the date of grant, the Option price shall be determined based upon the average between the closing bid and asked prices for the five days (5) immediately preceding the date of grant. A summary of the status of the outstanding and exercisable stock options under the Stock Incentive Plan is presented below:

The following table summarizes information about the options outstanding at June 30, 2025:

	Options	Weighted average exercise price
Outstanding December 31, 2024	22,050,000	\$0.06
Outstanding June 30, 2025	22,050,000	\$0.06

The following table summarizes information about the options outstanding at June 30, 2025:

	Options outstanding	Remaining contractual life in years	Weighted average exercise price
\$0.05	2,000,000	7.65	
\$0.05	6,225,000	6.54	
\$0.05	9,000,000	4.87	
\$0.05	1,000,000	6.27	
\$0.06	500,000	5.89	
\$0.10	3,325,000	1.81	
	22,050,000	5.22	\$0.06

(c) Warrants

The following table summarizes information about common share purchase warrants outstanding at June 30, 2025:

	Warrants outstanding	Weighted average exercise price	Weighted average remaining contractual life in years
Outstanding January 1, 2024	57,150,500	0.06	0.61
Expired March 5, 2024	(26,325,000)		
Expired March 10, 2024	(8,765,500)		
Outstanding December 31, 2024	22,060,000	0.05	0.28
Outstanding January 1, 2025	22,060,000	0.05	0.28
Expired March 24, 2025	(11,000,000)		
Expired April 25, 2025	(6,560,000)		
Expired May 15, 2025	(4,500,000)		
Outstanding June 30, 2025	0.00	0.00	0.00

As of the date of this Financial Statement 6,981,667 warrants are outstanding and exercisable with a weighted average exercise price of \$0.06.

9. GEOGRAPHIC INFORMATION

All of the Company's operations and assets are located in Canada.

On January 8, 2018, the Company acquired Pumphtronics Inc. to realize operational efficiencies and as a result, the Company now has two operating segments. Key measures used by the CODM in assessing performance and in making resource allocation decisions include revenues, gross profit and net loss.

The Company's operating results are divided into two reportable operating segments. The two reportable operating segments are Current Water and Pumphtronics. Included in Current Water is corporate activity.

Current Water segment, ("Current Water") operates in treating water and engineering, manufacturing and sales of advanced water systems.

Pumphtronics segment, ("Pumphtronics") engages in developing hydraulic fluid systems to move water and other liquids.

10. FINANCIAL INSTRUMENTS

Credit Risk

The Company's financial assets include cash and cash equivalents, and accounts receivable. The Company's maximum exposure to credit risk as at June 30, 2025, is the carrying value of its financial assets. The Company manages credit risk by maintaining bank and broker accounts with reputable banks and financial institutions.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2025, the Company had cash and cash equivalent balances of \$95,204 (2024: \$265,776) to settle current liabilities of \$1,063,752 (2024: \$827,833). Of the current liabilities outstanding, \$559,552 (2024: \$322,937) of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

In the fiscal year ended 2020 the Company obtained bank loans financing totaling \$120,000 under the terms of the Canada Emergency Business Account. These loans were government guaranteed, non-interest bearing up to December 31, 2023. If 75% of the loans were repaid by December 31, 2023 the remaining 25% balance would be forgiven. If still outstanding on December 31, 2023 the loans would bear interest at an annual rate of 5% and would be due in full by December 31, 2025. On January 12, 2024 the Company repaid 75% of the bank loans and earned the 25% portion in forgiven loans for a total of \$40,000. The company therefore has limited exposure to interest rate risk.

Foreign currency rate risk

The Company has bank balances, accounts receivable, and accounts payable that are in US dollars and therefore subject to foreign currency rate risk.

Fair value of financial instruments and Hierarchy

The book value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, other liabilities, and loans payable all approximate their fair values as at June 30, 2025. The Company did not hold any FVTPL financial instruments during the current year.

For disclosure purposes, the Company categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observation of the inputs used in the measurement.

The three levels are defined as follows:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

As at June 30, 2025 the Company's financial instruments are cash and cash equivalents, considered to be Level 1 as the market value is readily available.

The company does not have any financial assets or liabilities recorded at fair value or reoccurring basis.

11. CAPITAL MANAGEMENT

The Company manages its capital (debt, including accounts payable and loans payable and equity, including capital stock and contributed surplus) to ensure that the Company will be able to continue as a going concern while attempting to maximize the return to shareholders through the optimization of a reasonable equity balance commensurate with current operating requirements. The strategy remains unchanged from 2024. The Company raises capital, as necessary, to meet its needs and to take advantage of perceived opportunities and therefore, does not have a numeric target for its capital structure. There were no changes to the Company's approach to capital management during the period ended

June 30, 2025 compared to the year ended December 31, 2024. The Company does not have any covenants respecting its capital ratios.