Water Ways technologies

Water Ways Reports Q1 2019 Financial Results

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TORONTO, May 31, 2019 -- Water Ways Technologies Inc. (TSXV: WWT) ("**Water Ways**" or the "**Company**") reports today its financial and business results and is pleased to provide highlights and comments on the results for the three months ended March 31, 2019. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**").

Ohad Haber, President, CEO and Chairman of the Board of Water Ways, commented as follows: "This was a milestone quarter for Water Ways, as we successfully completed listing on the TSX-V." Mr. Haber continued: "Moving forward through the fiscal 2019, we are confident that Water Ways will continue expanding our global footprint in the irrigation and cannabis sectors and gain a presence in the new markets as we became a public company and entered this new chapter of the Company. While our revenue was slightly lower, compared to the same period in 2018, our project and acquisition pipeline continues to grow and we expect to recognize the revenue from the projects sourced in Q1 in subsequent quarters in 2019. Our growing product sales revenue is also an indicator of our expanded footprint in South America (mainly Peru and Colombia), where we continue to see new opportunities. As we move closer to finalizing the deal with the Ontario-based distributor, we also expect to gain a foothold in the North American market, where we endeavour to capitalize on the growth of the legal cannabis sector. We would like to thank all shareholders for their support and look forward to delivering more exciting updates as we continue to roll-out our growth plan."

Financial Highlights for the first quarter ended March 31, 2019[1]

The following are financial highlights of Water Ways' operating results for the three months ended March 31, 2019, compared to the three months ended March 31, 2018:

- Revenue was C$1.98 million as compared to C$2.59 million.
  - The recognized revenues from service projects amounted to C$307 thousand for the three months ended March 31, 2019 as compared to C$1.15 million for the three months ended March 31, 2018. The decrease was mainly due to the shift in revenue recognition of a number of projects from Q1 2019 to the subsequent quarters in 2019.
  - The revenues from sales of products increased to C$1.67 million in Q1 2019 from C$1.44 million in Q1 2018. The increase was mainly due to an increase in revenue to the distributor in Peru.
  - Revenue changes by geographic segments:

	Three months ended March 31	
	2019	**2018**
Geographic Segments:		
Africa	0.3%	35.9%
South and Central America	66.4%	42.8%
Asia	1.5%	0.5%
Europe	4.8%	2.8%
Israel	26.8%	12.8%
Others	0.1%	5.2%
Total Revenues	100%	100%

- Gross profit of C$246 thousand for the three months ended March 31, 2019 as compared to C$575 thousand for the three months ended March 31, 2018. The decrease was due to the associated decrease in revenues from service projects over the period.
- Operating expenses were C$330 thousand as compared to C$297 thousand.
- The Company allocated C$1.95 million that were directly attributable to issuing new shares to equity and to stock market listing.
- Total comprehensive loss was C$2.04 million, of which approximately C$1.95 million is attributed to one-time issuance of shares in the financings and public listing that the Company completed in Q1 2019. After adjusting for these one-time costs, the Company has realized total comprehensive loss of approximately C$90 thousand for the three months ended March 31, 2019 compared to total comprehensive income of C$183 thousand for the three months ended March 31, 2018.

The following is a summary of key balance sheet items as at March 31, 2019, compared to December 31, 2018:

- Cash and cash equivalents were C$2.45 million as compared to C$317 thousand.
- Current assets of C$9.60 million as compared to C$7.80 million.
- Total assets of C$10.16 million as compared to C$8.36 million.
- Current liabilities of C$5.95 million as compared to C$4.47 million.
- Non-current liabilities of C$400 thousand as compared to C$376 thousand.

Business Highlights for the first quarter ended March 31, 2019 and Subsequent

- **Cannabis Sectors:** In 2018, Irri-Al-Tal successfully launched the implementation of one cannabis project in Israel, including delivery of the irrigation, fertigation and Internet of Things control system to an Israeli subsidiary of the Cronos Group and a small beta project in Colombia. The Company is currently in the process of submitting bids for similar projects to a number of future licensed producers in Israel, Portugal, Colombia and other countries in South America.
- **Canada:** In March 2019, the Company signed an LOI to acquire certain assets of a Canadian distributor of irrigation and agriculture components located near London, Ontario. The distributor was established in 2004 and finished the year ended October 2018 with sales of approximately C$3.74 million. The distributor further updated the Company that unaudited sales for the four months ending February 28, 2019 were $1.56 million, representing a substantial growth over the same period in 2018.
- **China:** The Company has reached an understanding with one of its agents to establish an entity in the People's Republic of China to sell and market Israeli irrigation equipment and components to the Chinese market and pursue turnkey irrigation projects. The agent has over 20 years of extensive experience and knowledge of the Chinese market. The Company intends to acquire certain assets of the agent, including his network of subagents, and it is expected that the agent will become the CEO of the new entity. Sales in the past 3 years, for this agent in China, ranged between $3 to $6.5 million. The Company intends to focus its marketing of irrigation equipment for growing vegetables in greenhouses and on irrigation solutions for apple plantations.
- **Uzbekistan:** In January 2019, the Company signed its first irrigation project in Central Asia in Uzbekistan, which has an initial value of approximately C$0.5 million and is expected to be delivered in the second quarter of 2019.
- **Qualifying Transaction:** In March 2019, the Company closed the qualifying transaction (*press release dated March 7, 2019, December 31, 2018, August 27, 2018 and June 27, 2018*) with Irri-Al-Tal Ltd., a company incorporated under the laws of Israel, and commenced trading on the TSX-V under the symbol "WWT".
- **Equity Financings:** In March 2019, the Company raised aggregate gross proceeds totally C$3.11 million at a price of C$0.25 per unit.
- **Appointment of Market Maker:** In May 2019, the Company engaged the services of Lakeshore Securities Inc., a member of the Investment Industry Regulatory Organization of Canada ("**IIROC**") and the Canadian Investor Protection Fund ("**CIPF**"), to provide services as a market maker for an initial term of three months.

Irri-Al-Tal Financial Results Summary

The following tables set forth consolidated statements of financial information of Irri-Al-Tal Ltd. ("**Irri-Al-Tal**"), a wholly owned subsidiary of the Company, since the reverse-takeover transaction between Irri-Al-Tal and the Company has occurred during the first quarter ended March 31, 2019.

A comprehensive discussion of Water Ways' financial position and results of operations is provided in the Company's Management Discussion & Analysis ("**MD&A**") for the three months ended March 31, 2019 filed on SEDAR and can be found at www.sedar.com.

(CAD in thousands)	**Three months ended March 31**		
	2019	**2018**	***Change %***
Revenues:			
Services Projects	307	1,153	*-73.4%*
Products	1,674	1,441	*16.1%*
Total Revenues	**1,981**	**2,594**	*-23.6%*
Cost of Sales	1,735	2,019	
Gross Profit	**246**	**575**	
Gross Profit Margin %	*12.4%*	*22.2%*	
Operating Expenses	330	297	
Issuance Expenses	1,946		
Other Income (Loss)	(39)	(39)	
Taxes on Income	32	(56)	
Total Comprehensive Income (Loss)	**(2,037)**	**183**	
Basic and Diluted Profit per Share	$ (0.025)	$ 0.003	

(CAD in thousands)	**March 31, 2019**	**December 31, 2018**	***Change %***
Balance Sheet Items:			
Cash and Cash Equivalents	2,450	317	*672.1%*

Total Current Assets	9,598	7,802	*23.0%*
Total Assets	10,159	8,362	*21.5%*
Total Current Liabilities	5,952	4,469	*33.2%*
Total Non-Current Liabilities	400	376	*6.4%*

(USD in thousands)	**Three months ended March 31** **2019**	**2018**	***Change %***
Revenues:			
Services Projects	231	913	*-74.7%*
Products	1,259	1,141	*10.3%*
Total Revenues	**1,490**	**2,054**	*-27.5%*
Cost of Sales	1,305	1,599	
Gross Profit	**185**	**455**	
Gross Profit Margin %	*12.4%*	*22.2%*	
Operating Expenses	248	235	
Issuance Expenses	1,464		
Other Income (Loss)	(29)	(31)	
Taxes on Income	24	(44)	
Total Comprehensive Income (Loss)	**(1,532)**	**145**	
Basic and Diluted Profit per Share	$ (0.019)	$ 0.002	

(USD in thousands)	**March 31, 2019**	**December 31, 2018**	***Change %***
Balance Sheet Items:			
Cash and Cash Equivalents	1,825	233	*683.3%*
Total Current Assets	7,149	5,728	*24.8%*
Total Assets	7,567	6,139	*23.3%*
Total Current Liabilities	4,433	3,281	*35.1%*
Total Non-Current Liabilities	297	276	*8.0%*

About Water Ways Technologies

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

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Forward-Looking Statements

Certain statements contained in this press release constitute "forward-looking information" as such term is defined in applicable Canadian securities legislation. The words "may", "would", "could", "should", "potential", "will", "seek", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions as they relate to Water Ways. All statements other than statements of historical fact may be forward-looking information. Such statements reflect Water Ways' current views and *intentions with respect to future events, and current information available to Water Ways, and are subject to certain risks, uncertainties and assumptions. Material factors or assumptions were applied in providing forward-looking information. Many factors could cause the actual results, performance or achievements that may be expressed or implied by such forward-looking information to vary from those described herein should one or more of these risks or uncertainties materialize. Should any factor affect Water Ways in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, Water Ways does not assume responsibility for the accuracy or completeness of such forward-looking information. The forward-looking information included in this press release is made as of the date of this press release and Water Ways undertakes no obligation to publicly update or revise any forward-looking information, other than as required by applicable law. Water Ways' results and forward-looking information and calculations may be affected by fluctuations in exchange rates. All figures are in Canadian dollars unless otherwise indicated.*

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[1] *Israeli New Shekel is Water Ways' functional and reporting currencies. USD and CAD equivalent figures hereto are presented using ILS/USD and ILS/CAD quarterly exchange rates of 2019 of 3.6458 and 2.7426 respectively and of 2018 of 3.4608 and 2.7404 respectively for income statement items, where applicable; and the March 31, 2019 ILS/USD and ILS/CAD exchange rates of 3.632 and 2.7052 respectively, and December 31, 2018 ILS/USD and ILS/CAD exchange rates of 3.748 and 2.7517 respectively for balance sheet items, where applicable.*