



Appendix 4E

Preliminary Final Report For The Year Ended 31 December 2022

Details of the Reporting Period

Name and entity	WAY 2 VAT LTD and Controlled Entities
ARBN	637 709 114
Reporting period	12 months ended 31 December 2022 (FY22)
Previous Corresponding Period	12 months ended 31 December 2021 (FY21 and pcp)
Currency	All figures are in USD in thousands.

Results Announcement to the market:

	<u>2022</u>	<u>2021</u>	<u>Movement %</u>
Revenues from ordinary activities	1,305	1,321	(1)%
Loss from ordinary activities			
After tax attributable to owners	(4,692)	(6,381)	(26)%
Net Loss for the period			
attributable to owners	(4,692)	(6,381)	(26)%

Commentary on the Results for the Year

Results for FY22 included the following key movements:

- Transaction volume up 57% to \$15.0m for the financial year;
- Sales revenue of \$1.305m for the year, with growth in the Company's main functional operating currency (Euro) and other currencies being reduced when translated to a strong USD;
- Sales revenues in Euros, increased by 11.7% to 1.24m Euro versus pcp;
- On 20 September 2022, the Company signed a binding share sale agreement with Voxel Media, S.L (Voxel) to acquire 100% of the issued share capital of a Spanish company DevoluIVA S.L.U. (DevoluIVA), a company that offers comprehensive management of corporate expenses and the automatic recovery of national VAT services;

- Cost of revenue in FY22 is 23% (\$300K), demonstrating the strength of Way2Vat technology and automation to support and scale the growth in transaction volumes for clients.
- Operating costs also remained in line with pcp despite the significant increase in transaction volumes being processed by the Company; and
- Net loss after tax of \$(4.69)m reduced 26% on the net loss in the pcp mainly as a result of significantly lower finance expenses in the 2022 financial year.

Statement of Profit or Loss and Other Comprehensive Income with Notes to the Statement

Refer to the 31 December 2022 attached financial statements and accompanying notes for Way2Vat Limited.

Statement of Financial Position with Notes to the Statement

Refer to the 31 December 2022 attached financial statements and accompanying notes for Way2Vat Limited.

Statement of cash flows with Notes to the Statement

Refer to the 31 December 2022 attached financial statements and accompanying notes for Way2Vat Limited.

Statement of retained earnings and change in equity

Refer to the 31 December 2022 attached financial statements and accompanying notes for Way2Vat Limited.

Dividends

No dividends have been paid during the year and the company does not propose to pay any final dividend.

Details of dividend reinvestment plans

The Company does not have a dividend reinvestment plan.

Net Tangible Assets Per Security

	<u>2022</u>	<u>2021</u>
	\$/share	\$/share
Net tangible assets per ordinary share	0.0009	0.018

Details of Controlled Entities:

Entity name	Country of incorporation	Proportion of ownership interest on December 31		Held by
		<u>2022</u>	<u>2021</u>	
WAY2VAT SRL	Romania	100%	100%	WAY2VAT Ltd.
WAY2VAT UK Limited	UK	100%	100%	WAY2VAT Ltd.
WAY2VAT SASU	France	100%	100%	WAY2VAT Ltd.
WAY2VAT Inc.	USA	100%	100%	WAY2VAT Ltd.
DevoluIVA S.L.U	Spain	100%	-	WAY2VAT Ltd.

A controlled entity (DevoluIVA S.L.U) was acquired during the financial year. The Group does not have any investments in Associates or Joint Ventures.

Status of Audit

This report is based on accounts which are in the process of being audited. The Audited Annual Report is expected to be released by 31 March 2023.



Signed _____

Date: 28 February 2023

CEO and Director

WAY2VAT LTD.

ARBN 637 709 114

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PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

(USD in thousands, except for loss per share)

	Note	Year ended	
		December 31,	
		2022	2021
Revenues		1,305	1,321
Cost of revenues		300	275
Gross profit		1,005	1,046
Research and development expenses	5	1,680	1,565
Selling and marketing expenses	6	1,268	1,521
General and administrative expenses	7	2,834	2,689
Operating loss		(4,777)	(4,729)
Finance expenses		(95)	(1,661)
Finance income		180	9
Loss before tax		(4,692)	(6,381)
Taxes on income			
Loss for the year		(4,692)	(6,381)
Other comprehensive income (loss), net of tax:			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange gains arising on translation to reporting currency		(186)	174
Total comprehensive loss for the year		(4,878)	(6,207)
Loss for the year attributable to:			
Owners of the Company			
Total comprehensive loss attributable to:			

Owners of the Company

Loss per share

Basic and diluted loss per share (\$) (0.0275) (0.0903)

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PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

(USD in thousands)

	As of December 31,	
Note	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	1,030	3,132
Trade receivables	1,724	1,466
Other accounts receivable	<u>493</u>	<u>219</u>
	<u>3,247</u>	<u>4,817</u>
Non-Current Assets:		
Right-of-use assets	363	201
Intangible Assets	776	-
Property, plant and equipment, net	<u>129</u>	<u>167</u>
	<u>1,268</u>	<u>368</u>
Total Assets	<u><u>4,515</u></u>	<u><u>5,185</u></u>

		<u>As of December 31,</u>	
	<u>Note</u>	<u>2022</u>	<u>2021</u>
LIABILITIES AND DEFICIT			
Current Liabilities:			
Credit line		876	857
Trade payables		467	135
Lease liabilities		86	154
Other accounts payable	4	<u>1,639</u>	<u>896</u>
		<u>3,068</u>	<u>2,042</u>
Non-Current Liabilities:			
Borrowings		145	-
Liability for acquisition of controlled entity		448	-
Deferred tax liability		30	-
Lease liabilities		273	81
Liability for royalties payable		<u>344</u>	<u>238</u>
		<u>1,240</u>	<u>319</u>
Equity attributable to the owners of the Company			
Share capital		706	481
Additional paid in capital		19,844	18,057
Share based payment reserve		3,245	2,996
Adjustments arising from translation to reporting currency		(522)	(336)
Accumulated losses		<u>(23,066)</u>	<u>(18,724)</u>
Total Equity		<u>207</u>	<u>2,824</u>
Total Liabilities and Equity		<u>4,515</u>	<u>5,185</u>

This statement should be read in conjunction with the notes to the financial statements

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PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022 (USD in thousands)

	<u>Share capital</u>	<u>Additional paid in capital</u>	<u>Shares based payment reserve</u>	<u>Adjustments arising from translation to reporting currency</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance on January 1, 2021	8	4,969	1,058	(510)	(11,993)	(6,468)
Changes during 2021:						
Loss for the year	-	-	-	-	(6,381)	(6,381)
Other comprehensive income	-	-	-	174	-	174
Total comprehensive income (loss)	-	-	-	174	(6,381)	(6,207)
Issuance of shares upon IPO, net of Issuance expenses	109	4,147	-	-	-	4,256
Issuance of bonus shares	110	(110)	-	-	-	-
Issuance of shares upon conversion of convertible loans	254	8,980	-	-	-	9,234
Exercise of options to ordinary shares	*	71	(71)	-	-	-
Share based payment	-	-	2,009	-	-	2,009
Balance on December 31, 2021	<u>481</u>	<u>18,057</u>	<u>2,996</u>	<u>(336)</u>	<u>(18,374)</u>	<u>2,824</u>
Changes during 2022:						
Loss for the year	-	-	-	-	(4,692)	(4,692)
Other comprehensive income	-	-	-	(186)	-	(186)
Total comprehensive loss for the year	-	-	-	(186)	(4,692)	(4,878)
Issuance of shares, net of Issuance expenses	225	1,614	-	-	-	1,839

Exercise of options to ordinary shares	*	13	(13)			-
Expiration and forfeiture of Share based payment	-	160	(187)	-	-	(27)
Share based payment	-	-	449	-	-	449
Balance on December 31, 2022		<u>706</u>	<u>19,844</u>	<u>3,245</u>	<u>(522)</u>	<u>(23,066)</u>
						<u>207</u>

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PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS

(USD in thousands)

	Year ended	
	December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the year	(4,692)	(6,381)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	162	225
Change in fair value of convertible loans	-	1,247
Financial expenses (income), net	(24)	21
Share based payment	422	1,659
Change in liability for royalties payable	(268)	23
Changes in operations assets and liabilities:		
Change in trade receivables	(344)	(583)
Change in other accounts receivable	111	(84)
Change in trade payables	455	(58)
Change in other accounts payable	618	(108)
Cash from operations	(3,560)	(4,039)
Interest paid	(24)	(11)
Net cash used in operating activities	(3,584)	(4,050)

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PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS (CONT.)

(USD in thousands)

CASH FLOWS FROM INVESTING ACTIVITIES:

acquisition of controlled entity	2	-
Purchase of property, plant, and equipment	(11)	(56)
Net cash used in operating activities	<u>(9)</u>	<u>(56)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Exercise of share options	-	-
Net Proceeds from issuance of shares	1,559	4,606
Credit line, net	127	524
Principal paid on lease liabilities	(152)	(146)
Receipt of IIA grant	415	247
Royalties paid to the IIA	(31)	(11)
Receipt of convertible loans, net	<u>-</u>	<u>50</u>
Net cash provided by financing activities	<u>1,918</u>	<u>5,270</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,675)</u>	<u>1,191</u>
Cash and cash equivalents at the beginning of the year	<u>3,132</u>	<u>1,912</u>
Effects of exchange rate changes on cash and cash equivalents	<u>(427)</u>	<u>29</u>
Cash and cash equivalents at the end of the year	<u><u>1,030</u></u>	<u><u>3,132</u></u>

This statement should be read in conjunction with the notes to the financial statements

WAY2VAT LTD.

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Appendix 4E Preliminary Report

PRELIMINARY CONSOLIDATED NOTES

(USD in thousands)

NOTE 1 – BASIS OF PREPARATION:

The preliminary report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the Corporations Act 2002. The consolidated financial statements have been prepared on an actuals basis and are based on historical cost convention.

NOTE 2 - SUBSIDIARIES:

The principal subsidiaries of Company, all of which have been consolidated in these consolidated financial statements, are as follows:

Entity name	Country of incorporation	Proportion of ownership interest on December 31		Held by
		2021	2020	
WAY2VAT SRL	Romania	100%	100%	WAY2VAT Ltd.
WAY2VAT UK Limited	UK	100%	100%	WAY2VAT Ltd.
WAY2VAT SASU	France	100%	100%	WAY2VAT Ltd.
WAY2VAT Inc.	USA	100%	100%	WAY2VAT Ltd.
DevoluIVA S.L.U	Spain	100%	-	WAY2VAT Ltd.

NOTE 3 - INVESTMENT IN SUBSIDIARIES:

On 20 September 2022, the Company signed a binding share sale agreement with Voxel Media, S.L (Voxel) to acquire 100% of the issued share capital of a Spanish company DevoluIVA S.L.U. (DevoluIVA), a company that offers comprehensive management of corporate expenses and the automatic recovery of national VAT services.

The Company issued to the shareholders of DevoluIVA 11,704,463 shares on the day of the purchase. Under the terms of the Agreement, Voxel will be entitled to receive earn-out payments in shares which will accrue as follows:

- 1st Earn Out (12 months post closing) - Voxel will be entitled to receive such number of the Company shares equivalent in value to the greater of: €500,000; or the total of 1.5 times of the difference between DevoluIVA's 2022 annual revenues derived from its VAT recovery related activity (2022R) less €500,000.
- 2nd Earn Out (24 months post closing) - Voxel will be entitled to receive such number of the Company shares equivalent in value to the greater of: €500,000; or the total of 1.5 times of the difference between DevoluIVA's 2023 annual revenues derived from its VAT recovery related activity (2023R) less 2022R, divided by a deemed issue price of A\$0.125 (multiplied by the average 30-day EUR/AUD exchange rate prior to the 2st Earn-Out Date).
- 3rd Earn Out (36 months post closing) - Voxel will be entitled to receive such number of the Company shares equivalent in value to the greater of: €500,000 divided by a deemed issue price of A\$0.125 (multiplied by the average 30-day EUR/AUD exchange rate prior to the Third Earn-Out Date); or the total of: the difference between DevoluIVA's 2024 annual revenues derived from its VAT recovery related activity (2024R) less 2023R divided by a deemed issue price of A\$0.125 (multiplied by the average 30-day EUR/AUD exchange rate prior to the Third Earn-Out Date); and 2024R less 2023R divided by two times the deemed issue price of A\$0.125 (multiplied by the average 30-day EUR/AUD exchange rate prior to the Third Earn-Out Date). If the 2024R is equal or lower than 2023R, the Third Earn-Out will not be paid to Voxel.

In addition, prior to completion, the Company intends to enter into a service agreement with Voxel for the provision of digital invoicing, hosting and workspace services to DevoluIVA. It is presently envisaged that the Company will pay Voxel a monetary compensation of €30,000 per annum for the workspace and a quarterly compensation for hosting and digital invoicing services (with a minimum amount of €60,000 per annum). The Company will pay the quarterly compensation to Voxel either in cash or shares following receipt of an invoice from Voxel.

A. Amounts recognized on the acquisition date in respect of assets and liabilities:

	Fair value
	<u>\$</u>
Cash and cash equivalents	2
Trade receivable	261
Accruals	108
Customer Relationship	264
Technology	172

Non-Compete Agreement	81
Trade payables	(114)
Borrowings	(136)
Deferred tax	(28)
Total identifiable net assets	610
Goodwill	230
	<hr/>
Total purchase cost	840
	<hr/> <hr/>

B. Presented below is the fair value, as of the acquisition date, of the transferred consideration:

Acquisition-date fair value of the total consideration transferred:

	<u>Fair value</u>
	\$
Issuance of 11,704,463 ordinary shares of the Company	280
Contingent consideration – current	140
Contingent consideration – non-current	420
	<hr/>
	840
	<hr/> <hr/>
	\$
	<hr/>
Consideration paid in cash	-
Cash received from the acquisition	2
	<hr/>
Total	2
	<hr/> <hr/>

NOTE 4 - OTHER ACCOUNTS PAYABLE:

	As of December 31,	
	2022	2021
Employees, salaries, and related liabilities	83	104
Accrued expenses	177	173
Payroll Institutions	61	83
Provision for vacation	49	95
Balances due to customers	981	314
Liability for acquisition of controlled entity	149	-
Liability for royalties payable	139	127
	<u>1,639</u>	<u>896</u>

NOTE 5 - RESEARCH AND DEVELOPMENT EXPENSES:

	Year ended December 31,	
	2022	2021
Salary and related expenses	1,080	1,527
Share based payment expenses	(4)	17
Subcontractors and consultants costs	309	194
Patents and legal expenses	9	18
Government Grants received and changes in liability, net	(411)	(297)
Other	697	106
	<u>1,680</u>	<u>1,565</u>

NOTE 6 - SELLING AND MARKETING EXPENSES:

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Salary and related expenses	937	907
Share based payment expenses	3	353
Marketing fees	325	331
Governmental Grants received	-	(70)
Travel expenses	3	-
	<u>1,268</u>	<u>1,521</u>

NOTE 7 - GENERAL AND ADMINISTRATIVE EXPENSES:

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Salary and related expenses	632	498
Professional fees	706	756
Share based payment expenses	411	913
Travel expenses	65	34
Depreciation and amortization	176	181
Other	843	308
	<u>2,834</u>	<u>2,689</u>