



Appendix 4E

Preliminary Final Report For The Year Ended 31 December 2023

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 2023 (FY23)
Previous Corresponding Period	12 months ended 31 December 2022 (FY22 and pcp)
Currency	All figures are in USD in thousands.

Results Announcement to the market:

	<u>2023</u>	<u>2022</u>	<u>Movement %</u>
Revenues from ordinary activities	2,049	1,305	57%
Loss from ordinary activities			
After tax attributable to owners	(4,097)	(4,562)	(10)%
Net Loss for the period			
attributable to owners	(4,097)	(4,562)	(10)%

Commentary on the Results for the Year

Results for FY23 included the following key movements:

- Transaction volume increased to \$15.7 million, up 5% on pcp (FY22: \$15.0 million)
- Reported revenue increased to \$2,049k, up 57% on pcp (FY22: \$1,305k)
- Added 95 new enterprise clients, an increase of 38%, including Eli Lilly, Nestlé Spain, Camper, Serveo, Sony Spain, SecuritasDirect, PGIM, Globalia Handling, Marine Harvest ASA, Lion Television and Lime Pictures, growing the enterprise client base to 345
- Raised \$2.6 million via a combined rights issue and oversubscribed share placement to execute growth opportunities and accelerate the pathway to

profitability, with strong support from sophisticated, institutional and cornerstone investors.

- Received an R&D funding loan of \$272k (€250k) from the Spanish Innovation Authority to support new product line technologies in T&E (travel and expense) claim automation.
- Achieved a significant YoY reduction of total pro forma USD operating costs of 16% in FY23, as the Company integrated the acquired DevoluIVA business into its core operations.
- Cash balance of \$493k on 31 December 2023 with Accounts Receivable balance of \$2.4 million, VAT reclaims due mostly from various government tax authorities

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

Refer to the 31 December 2023 attached financial statements and accompanying notes for Way2Vat Limited.

Statement of Financial Position with Notes to the Statement

Refer to the 31 December 2023 attached financial statements and accompanying notes for Way2Vat Limited.

Statement of cash flows with Notes to the Statement

Refer to the 31 December 2023 attached financial statements and accompanying notes for Way2Vat Limited.

Statement of retained earnings and change in equity

Refer to the 31 December 2023 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>2023</u>	<u>2022</u>
	\$/share	\$/share
Net tangible assets per ordinary share	(0.003)	(0.003)

Details of Controlled Entities:

Entity name	Country of incorporation	Proportion of ownership interest on December 31		Held by
		2023	2022	
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%	100%	WAY2VAT Ltd.

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 2024.



Signed _____

Date: 26 February 2024

CEO

WAY2VAT LTD.

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PRELIMINARY CONSOLIDATED STATEMENT OF LOSS AND OTHER COMPREHENSIVE LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

(USD in thousands, except for loss per share)

		Year ended	
		December 31,	
	Note	2023	2022
Revenues		2,049	1,305
Cost of revenues		<u>439</u>	<u>300</u>
Gross profit		1,610	1,005
Research and development expenses	5	1,313	1,680
Selling and marketing expenses	6	1,623	1,268
General and administrative expenses	7	<u>3,039</u>	<u>2,888</u>
Operating loss		(4,365)	(4,831)
Finance expenses		(120)	(64)
Finance income		<u>388</u>	<u>333</u>
Loss for the year		<u>(4,097)</u>	<u>(4,562)</u>
Other comprehensive loss, net of tax:			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange gains arising on translation to reporting currency		<u>(44)</u>	<u>(184)</u>
Total comprehensive loss for the year		<u>(4,141)</u>	<u>(4,746)</u>
Loss per share			
Basic and diluted loss per share (\$)		<u>(0.009)</u>	<u>(0.027)</u>

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PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

(USD in thousands)

		As of December 31,	
	Note	2023	2022
ASSETS			
Current Assets:			
Cash and cash equivalents		493	1,030
Trade receivables		2,372	2,095
Other accounts receivables		<u>128</u>	<u>210</u>
		<u>2,993</u>	<u>3,335</u>
Non-Current Assets:			
Right-of-use assets		220	363
Intangible Assets*		900	993
Property, plant and equipment, net		<u>33</u>	<u>129</u>
		<u>1,153</u>	<u>1,485</u>
Total Assets		<u>4,146</u>	<u>4,820</u>

* Restated figures, refer to Note 3 for additional information

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	Note	As of December 31,	
		2023	2022
LIABILITIES AND EQUITY (DEFICIT)			
Current Liabilities:			
Bank loans		977	876
Governmental loan		19	-
Trade payables		238	467
Lease liabilities		125	86
Contingent consideration		55	102
Other accounts payables	4	<u>2,307</u>	<u>1,634</u>
		<u>3,721</u>	<u>3,165</u>
Non-Current Liabilities:			
Bank loans		375	-
Governmental loan		270	145
Contingent consideration		82	307
Lease liabilities		99	273
Liability for royalties payable		275	344
Other liabilities*		<u>203</u>	<u>247</u>
		<u>1,304</u>	<u>1,316</u>
Equity (Deficit):			
Share capital		1,857	706
Additional paid in capital		21,587	19,844
Share based payment reserve		3,274	3,245
Adjustments arising from translation to reporting currency		(564)	(520)
Accumulated losses		<u>(27,033)</u>	<u>(22,936)</u>
Total Equity (Deficit)		<u>(879)</u>	<u>339</u>
Total Liabilities and Equity (Deficit)		<u>4,146</u>	<u>4,820</u>

* Restated figures, refer to Note 3 for additional information

PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023 (USD in thousands)

	Share capital	Additional paid in capital	Shares based payment reserve	Adjustments arising from translation to reporting currency	Accumulated deficit	Total
Balance on January 1, 2022	481	18,057	2,996	(336)	(18,374)	2,824
Changes during 2022:						
Loss for the year	-	-	-	-	(4,562)	(4,562)
Other comprehensive income	-	-	-	(184)	-	(184)
Total comprehensive income (loss)	-	-	-	(184)	(4,562)	(4,746)
Issuance of shares, net of Issuance expenses	191	1,368	-	-	-	1559
Acquisition of controlled entity	34	246	-	-	-	280
Exercise of options to ordinary shares	*	13	(13)	-	-	-
Expiration and forfeiture of Share based payment	-	160	(187)	-	-	(27)
Share based compensation	-	-	449	-	-	449
Balance on December 31, 2022	<u>706</u>	<u>19,844</u>	<u>3,245</u>	<u>(520)</u>	<u>(22,936)</u>	<u>339</u>
Changes during 2023:						
Loss for the year	-	-	-	-	(4,097)	(4,097)
Other comprehensive income	-	-	-	(44)	-	(44)
Total comprehensive loss for the year	-	-	-	(44)	(4,097)	(4,141)
Issuance of shares, net of Issuance expenses	1,128	1,431	-	-	-	2,559
Issuance of shares in connection with contingent consideration	19	26	-	-	-	45
Issuance of shares in connection with service rendered	4	125	-	-	-	129
Expiration and forfeiture of Share based payment	-	161	(182)	-	-	(21)
Share based compensation	-	-	211	-	-	211
Balance on December 31, 2023	<u>1,857</u>	<u>21,587</u>	<u>3,274</u>	<u>(564)</u>	<u>(27,033)</u>	<u>(879)</u>

* Represent an amount lower than \$1 thousand.

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PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS

(USD in thousands)

	Year ended	
	December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the year	(4,097)	(4,562)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	292	183
Capital loss	84	-
Issuance of shares in connection with service rendered	129	-
Financial expenses (income), net	-	(38)
Share based payment	211	422
Changes in operations assets and liabilities:		
Change in trade receivables	168	(290)
Change in other accounts receivables	100	111
Change in trade payables	(289)	455
Change in other accounts payables	257	618
Change in fair value of contingent consideration	(294)	(185)
Change in liability for royalties payable	(177)	147
Cash from operations	(3,616)	(3,139)
Interest paid	(111)	(24)
Net cash used in operating activities	(3,727)	(3,163)

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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)	(11)
Proceeds from sale of property, plant, and equipment	<u>6</u>	<u>-</u>
Net cash used in operating activities	<u>(5)</u>	<u>(9)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Exercise of options to ordinary share	-	*
Issuance of shares, net of issuance cost	2,559	1,559
Bank loans, net	399	127
Governmental loan	109	-
Principal paid on lease liabilities	-	(143)
Royalties paid to the IIA	<u>-</u>	<u>(31)</u>
Net cash provided by financing activities	<u>3,067</u>	<u>1,512</u>
Net decrease in cash and cash equivalents	<u>(665)</u>	<u>(1,660)</u>
Cash and cash equivalents at the beginning of the year	<u>1,030</u>	<u>3,132</u>
Effects of exchange rate changes on cash and cash equivalents	<u>128</u>	<u>(442)</u>
Cash and cash equivalents at the end of the year	<u><u>493</u></u>	<u><u>1,030</u></u>

* Represent an amount lower than \$1 thousand.

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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 Financing 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.

Some of the 2022 figures were reclassified in order to conform with the current year presentation.

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
		2023	2022	
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%	100%	WAY2VAT Ltd.

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NOTE 3 - INVESTMENT IN SUBSIDIARY:

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.

On 20 September 2023, the Company performed a calculation based on the mechanism described above and as a result, issued 6,715,654 shares.

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 2nd 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 per the following calculation: (x) 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); plus (y) 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). Despite that, (x) will not exceed the result of dividing €500,000 by a deemed issue price of A\$0.125. In the event that 2024 is equal or less than 2023 than no shares will be issued.

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.

Final amounts recognized on the acquisition date in respect of assets and liabilities:

	Fair value Euro in thousands
Cash and cash equivalents	2
Trade receivable	261
Accruals	108
Customer Relationship	264
Technology	172
Non-Compete Agreement	81
Trade payables	(114)
Governmental loan	(136)
Severance/termination liability*	(200)
Deferred tax	(28)
Total identifiable net assets	410
Goodwill*	430
	<hr/>
Total purchase cost	840

* The fair value on the acquisition date was based on a provisional assessment as the valuation of a severance/termination liability had not been finalized at that date.

As of the acquisition date, this liability aggregated to approximately €200 thousand (approximately \$217 thousand based on the exchange rate of \$1.00 / €0.92 in effect on June 30, 2023).

The 2022 comparative information has been restated to reflect this additional liability and a corresponding increase to the goodwill.

NOTE 4 - OTHER ACCOUNTS PAYABLE:

	As of December 31,	
	2023	2022
Balances due to customers	1,407	1,124
Accrued expenses	422	177
Liability for royalties payable	104	139
Employees, salaries, and related liabilities	176	83
Payroll Institutions	63	61
Provision for vacation	59	50
Other	76	-
	<u>2,307</u>	<u>1,634</u>

NOTE 5 - RESEARCH AND DEVELOPMENT EXPENSES:

	Year ended December 31,	
	2023	2022
Salary and related expenses	994	1,080
Development costs	377	463
Share based payment expenses	13	(4)
Subcontractors and consultants	46	309
Government Grants received and changes in liability, net	(146)	(239)
Other	29	71
	<u>1,313</u>	<u>1,680</u>

NOTE 6 - SELLING AND MARKETING EXPENSES:

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salary and related expenses	1,035	937
Marketing fees	583	280
Share based payment expenses	-	3
Other	5	48
	<u>1,623</u>	<u>1,268</u>

NOTE 7 - GENERAL AND ADMINISTRATIVE EXPENSES:

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Professional fees	813	706
Salary and related expenses	671	632
Share based payment expenses	198	412
Travel abroad	108	65
Depreciation and amortization	267	183
Other	<u>982</u>	<u>890</u>
	<u>3,039</u>	<u>2,888</u>

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