



Appendix 4D

Half-Year Financial Report For The Period Ended 30 June 2022

Details of the Reporting Period

Name and entity	WAY 2 VAT LTD and Controlled Entities
ARBN	637 709 114
Reporting period	6 months ended 30 June 2022 (H1 FY22)
Previous Corresponding Period	6 months ended 30 June 2021 (H1 FY21)
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	525	696	-25%
Loss from ordinary activities after tax attributable to owners	(2,465)	(4,035)	+39%
Net Loss for the period attributable to owners	(2,465)	(4,035)	+39%

Commentary on the Results for the Half Year

Results for H1 FY22 included the following key activity:

- Transaction volume up 8% to \$5.43 million (\$5.02 million in previous corresponding period) (pcp).
- Revenue down 25% to \$0.525 million on pcp due mainly to an increase in the ratio of accounts payable and local VAT claims, which attract lower commissions, to international VAT claims which are still recovering from pre-COVID levels, and the adverse movement in the translation exchange rate between the USD and Euro. In addition, due to typical tax reclaim cycles, revenue in the half typically reflects client reclaim transaction activity undertaken in the prior half.

- SMB clients increased 21% from 700 to 850 during the half, through indirect and platform partner sales.
- Signed 15 new multinational enterprise customers including TikTok, Playmobil and Artsana Group across a diverse range of industries, growing the enterprise client base to 215 – an increase of 25% in 12 months.
- Launched the Smart Spend Debit MasterCard, the world's first spending card automating VAT/GST returns for the SMB and Enterprise market in partnership with Railsbank (now Railsr) and Mastercard.
- Increased platform partners to six after entering a partnership with Circula, DACH region specialist and largest expense management solution provider in Germany.
- Raised \$A1.090 million via over-subscribed Share Placement with strong support from sophisticated, institutional and cornerstone investors.
- Funding grant of A\$625k provided by the Israeli Innovation Authority (IIA) to support research and development and initial marketing and commercialisation of the Smart Spend Debit MasterCard.
- Cash balance of \$1.461 million as at 30 June 2022.

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

Refer to the 30 June 2022 attached financial statements and accompanying notes for Way2VAT Limited.

Statement of Financial Position with Notes to the Statement

Refer to the 30 June 2022 attached financial statements and accompanying notes for Way2VAT Limited.

Statement of cash flows with Notes to the Statement

Refer to the 30 June 2022 attached financial statements and accompanying notes for Way2VAT Limited.

Statement of retained earnings and change in equity

Refer to the 30 June 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

	June <u>2022</u>	December <u>2021</u>
	\$/share	\$/share
Net tangible assets per ordinary share	0.007	0.018

Details of Controlled Entities:

Entity name	Country of incorporation	Proportion of ownership interest on 31 December		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

There were no acquisitions or disposals of controlled entities during the financial year and 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 reviewed by the Company's auditors (unaudited). The reviewed June 2022 Report is expected to be released by 30 August 2022.

Signed _____

Date _____

Chairman

reviewed & confirmed
Amos Siman

08/30/22

WAY2VAT LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2022

(UNAUDITED)

WAY2VAT LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
AS OF JUNE 30, 2022

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Review report on interim financial information to the shareholders of WAY2VAT LTD.

Introduction

We have reviewed the accompanying condensed interim consolidated statements of financial position of WAY2VAT Ltd. (the "Company") as of June 30, 2022 and the related condensed interim consolidated statements of comprehensive income, changes in shareholders' equity (deficit) and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with international standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information does not present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2022, and of its financial performance and its consolidated cash flows for the six-month period then ended in accordance International Accounting Standard IAS 34.

Emphasis of Matter

We draw attention to note 1(2) of the financial information, which indicates that, the company has incurred negative cash from operation of USD 2,112 thousand and net losses of USD 2,318 thousand during the six-month period ended June 30, 2022. As stated in note 1(2), these matters, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Tel-Aviv, Israel

August 29, 2022



Ziv haft

Certified Public Accountants (Isr.)

BDO Member Firm

Tel Aviv 03-6386868	Jerusalem 02-6546200	Haifa 04-8680600	Beer Sheva 077-7784100	Bnei Brak 073-7145300	Kiryat Shmona 077-5054906	Petah Tikva 077-7784180	Modiin Ilit 08-9744111	Nazrat Ilit 04-6555888
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WAY2VAT LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(USD in thousands)

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
	<u>Unaudited</u>	
ASSETS		
Current Assets:		
Cash and cash equivalents	1,461	3,132
Trade receivables	1,374	1,466
Other accounts receivable	322	219
	<u>3,157</u>	<u>4,817</u>
Non-Current Assets:		
Property, plant and equipment, net	141	201
Right-of-use assets	<u>125</u>	<u>167</u>
	<u>266</u>	<u>368</u>
Total Assets	<u><u>3,423</u></u>	<u><u>5,185</u></u>

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

WAY2VAT LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(USD in thousands)

		<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
	<u>Note</u>	<u>Unaudited</u>	
LIABILITIES AND EQUITY			
Current Liabilities:			
Credit line	3	782	857
Trade accounts payable		238	135
Lease liabilities		130	154
Other accounts payable		806	896
		<u>1,956</u>	<u>2,042</u>
Non-Current Liabilities:			
Lease liabilities		22	81
Liability for royalties payable		180	238
		<u>202</u>	<u>319</u>
Equity:			
Share capital	4	542	481
Additional paid in capital		18,734	18,057
Share based payment reserve		3,164	2,996
Adjustments arising from translation to reporting currency		(483)	(336)
Accumulated deficit		(20,692)	(18,374)
Total Equity		<u>1,265</u>	<u>2,824</u>
Total Liabilities And Equity		<u>3,423</u>	<u>5,185</u>

Amos Simantov
CEO & Director

Smadar Noy
CFO

August 29, 2022
Date of approval of financial
statements

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

WAY2VAT LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(USD in thousands)

	<u>Six months period ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Unaudited</u>	
Revenue	525	696
Cost of revenues	139	127
Gross profit	386	569
Research and development expenses	691	558
Selling and marketing expenses	649	817
General and administrative expenses	1,357	1,416
Operating loss	(2,311)	(2,222)
Finance income	59	-
Finance expenses	(66)	(2,066)
Loss for the period	(2,318)	(4,290)
Other comprehensive loss, net of tax:		
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange gains (losses) arising on translation to reporting currency	(147)	255
Total comprehensive loss for the period	(2,465)	(4,035)
Basic and diluted loss per share (\$)	(0.0150)	(0.1147)*

(*) retrospectively adjusted due to bonus shares

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

WAY2VAT LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(USD in thousands)

For the six months period ended June 30, 2022 (Unaudited):

	Share capital	Additional paid in capital	Share based payment reserve	Adjustments arising from translation to reporting currency	Accumulated deficit	Total
Balance as of January 1, 2022	481	18,057	2,996	(336)	(18,374)	2,824
Changes during the period:						
Net loss	-	-	-	-	(2,318)	(2,318)
Other comprehensive loss	-	-	-	(147)	-	(147)
Total comprehensive loss	-	-	-	(147)	(2,318)	(2,465)
Issuance of shares, net of Issuance expenses	61	648	-	-	-	709
Expiration and forfeiture of Share based payment	-	29	(57)	-	-	(28)
Share based payment	-	-	225	-	-	225
Balance as of June 30, 2022	542	18,734	3,164	(483)	(20,692)	1,265

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

WAY2VAT LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(USD in thousands)

For the six months period ended June 30, 2021 (Unaudited):

	Share capital	Additional paid in capital	Share based payment reserve	Adjustments arising from translation to reporting currency	Accumulate d deficit	Total
Balance as of January 1, 2021	8	4,969	1,058	(510)	(11,993)	(6,468)
Changes during the period:						
Net loss	-	-	-	-	(4,290)	(4,290)
Other comprehensive income	-	-	-	255	-	255
Total comprehensive income (loss)	-	-	-	255	(4,290)	(4,035)
Exercise of options to ordinary shares	*	31	(31)	-	-	*
Share based payment	-	-	1,202	-	-	1,202
Balance as of June 30, 2021	<u>8</u>	<u>5,000</u>	<u>2,229</u>	<u>(255)</u>	<u>(16,283)</u>	<u>(9,301)</u>

* Less than 1 thousand USD

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

WAY2VAT LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(USD in thousands)

	Six month period ended June 30,	
	2022	2021
	Unaudited	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the period	(2,318)	(4,290)
Adjustments to reconcile net loss to net cash used in by operating activities:		
Depreciation	80	135
Change in fair value of convertible loans	-	1,722
Financial expenses, net	42	306
Share based payment	197	1,202
Change in liability for royalties payable	(36)	23
Change in trade receivable, net	(80)	(574)
Change in other accounts receivable	(78)	(428)
Change in trade accounts payable	119	101
Change in other accounts payable	(34)	(68)
Cash from operations	(2,108)	(1,871)
Interest paid	(4)	(19)
Net cash used in operating activities	(2,112)	(1,890)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(7)	(12)
Net cash used in investing activities	(7)	(12)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Credit line, net	-	449
Issuance of shares, net Issuance expenses	709	-
Exercise of shares options	-	*
Principal paid on lease liabilities	(65)	(77)
Royalties paid to the IIA	(17)	(11)
Receipt of IIA grant	-	176
Receipt of convertible loan	-	50
Net cash provided by financing activities	627	587
Net decrease in cash and cash equivalents	(1,492)	(1,315)
Cash and cash equivalents at the beginning of the period	3,132	1,912
Effects of exchange rate changes on cash and cash equivalents	(179)	(1)
Cash and cash equivalents at the end of the period	1,461	596

* Less than 1 thousand USD

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

WAY2VAT LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands)

NOTE 1 - GENERAL:

1. Way 2 Vat Ltd. ("the Company") was incorporated on February 19, 2014, under the laws of Israel and commenced operations in January 1, 2015. The Company is listed, and its shares are publicly traded on the Australian Securities Exchange ("ASX"). The Company is developing application for automatic VAT reclaims for enterprises.
2. The company financed its operation through fundraising via its listing on the ASX, private placements, credit lines from Banks and Governments grants from the Israel Innovation Authority. Going forward the company will seek to finance its operations by additional credit, governmental grants and/or other fund raising from investors. the company has incurred negative cash from operation of USD 2,112 thousand and net losses of USD 2,318 thousand during the six-month period ended June 30, 2022. As a result of these matters, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. The financial statements do not include adjustments relating to the recoverability or classification of the recorded assets nor to the amounts or classification of liabilities that might be necessary should the company not be able to continue as a going concern.

The directors believe that the company will be able to pay its debts when they fall due, and to fund near term anticipated activities based on proceeds from:

- Growth in revenues from existing and new clients, including revenues from the Company's recently launched new Smart Spend Card product;
- Additional revenues and synergies that will arise from the recently announced acquisition of DevoluIVA S.L.U. (DevoluIVA) in Spain;
- Lower operating costs following a restructuring of existing operations in Q2 FY22;
- Recently awarded Research and Development grants from the Israeli Innovation Authority ("IIA"); and
- the Directors expect to maintain continued support from shareholders and other financiers that have supported the consolidated entity's previous capital raisings such that the Company could reasonably expect to be able to raise sufficient funds to meet future working capital needs.

Accordingly, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis on the basis that the above can be reasonably expected to be accomplished.

WAY2VAT LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(USD in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of preparation

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2021 annual report.

The interim financial statements as of June 30, 2022, have not been audited.

Significant accounting policies

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2021 annual financial statements.

Use of estimates and judgements

There have been no material revisions to the nature and amounts of estimates of amounts reported in prior periods.

NOTE 3 – CREDIT LINE:

In November 2021, the Company signed a loan agreement with the bank. Under the agreement, the Company received an amount of NIS 2,650 (approximately \$852) which shall bear an annual interest of Prime+4.5% and shall be repaid within three months until February 1, 2022.

According to the agreement, the Company's cash balance in its bank account must exceed at least 20% of the credit line amount.

In January 2022, the company signed an additional agreement with the bank which replaces the credit line mentioned above, under which the short term loan shall be extended until April 27, 2022.

In April 2022, the company signed an additional agreement with the bank which replaces the credit line mentioned above, under which the short term loan shall be extended until July 27, 2022. See also note 7.

WAY2VAT LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(USD in thousands)

NOTE 4 - EQUITY:

Composed as follows as of June 30, 2022

	Number of shares as of June 30, 2022	
	Unaudited	
	Authorized	Issued and outstanding
Ordinary shares par value of NIS 0.01 per share at beginning of year	500,000,000	153,791,449
Issuance of ordinary shares NIS 0.01 per share upon Financing Round	-	21,176,470
Ordinary shares par value of NIS 0.01 per share at end of period	500,000,000	174,967,919

Composed as follows as of December 31, 2021:

	Number of shares as of December 31, 2021	
	Unaudited	
	Authorized	Issued and outstanding
Ordinary shares par value of NIS 0.01 per share at beginning of year	7,866,844	1,142,322
Conversion of A Preferred shares of NIS 0.01 per share	884,538	884,538
Conversion of Series A-1 Preferred shares of NIS 0.01 per share	1,248,618	1,248,618
Increase of Authorized share capital by creation of new ordinary shares of NIS 0.01 par share	490,000,000	-
Issuance of ordinary shares NID 0.01 per share upon exercise of options	-	222,072
Issuance of ordinary bonus shares NIS 0.01 per share	-	34,180,204
Issuance of ordinary shares NIS 0.01 per share upon conversion of Convertible loans	-	81,113,695
Issuance of ordinary shares NIS 0.01 per share upon IPO	-	35,000,000
Ordinary shares par value of NIS 0.01 per share at end of year	500,000,000	153,791,449

Issuance of ordinary shares:

In June 2022, the Company raised an amount of A\$1.09 million (\$762) for the issuance of 21,372,549 Ordinary shares at a price per share of A\$0.051 ("June 2022 Financing Round"). Issuance costs totaled \$46 and were offset against contributed equity.

Out of the total ordinary shares issued, the issuance of 196,079 shares, which are designated for a certain director of the company, are dependent on the approval of the Company's shareholders.

As of June 30, 2022, the approval has yet to occur. As such, the Company recorded an amount of 7 thousand dollars, which reflects the value of the unissued shares, as a liability.

WAY2VAT LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands)

NOTE 4 – EQUITY (CONT.):

Share based payment:

In January 2022, the company issued 1,000,000 options which are exercisable at A\$0.15. The options will expire three years from the date of issue. The value of the options is \$42, which will be expensed over the vesting period.

The options valued using the Black Scholes option valuation methodology based on the expected volatility of 62%. The valuation performed by an external valuator was based on management's assumptions.

During the six month ended June 30, 2022, 244,632 options were expired and 299,500 options were forfeited due to termination of employment.

NOTE 5 - RELATED PARTIES:

The following transactions arose with related parties:

Transaction - expenses		Six months period ended	
		June 30, 2022	June 30, 2021
		Unaudited	
Management Fee to CEO and director		152	113
Fee to directors		97	62
Share based payment to CEO and director		93	741
Share based payment to directors		107	398
Liabilities to related party			
Position	Nature of transaction	June 30, 2022	December 31, 2021
		Unaudited	
CEO and director	Management Fees	28	32
Directors	Fee	16	19

NOTE 6 – LIABILITY FOR ROYALTIES PAYABLE:

In June 2022, the Company received approval from the Israeli Innovation Authority ("IIA") for a budget of NIS 5,017 (approximately \$1,433), for R&D expenditure. Out of which a grant of 30% of the actual expenses related to the program in the amount of NIS 1,505 (approximately \$430).

The Group is committed to pay royalties to the Israeli government on income proceeds based on its product.

Under the terms of the Israeli government funding program, the Group will pay royalties of 3% of the sales.

The royalties' payment shall not exceed 100% of the grant received.

WAY2VAT LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands)

NOTE 7 - SUBSEQUENT EVENTS:

1. Following to note 6 above, the Company received from the IIA an amount of NIS 527 (approximately \$151) during July 2022.
2. Following with the credit line mentioned in note 3 above, the company signed an additional agreement with the bank in July 2022 under which the short term loan shall be extended until February 27, 2023.
3. During July 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.

Completion of the Acquisition is conditional upon (amongst other matters) the Company obtaining shareholder approval for the issue of shares in respect to the initial consideration for the Acquisition.

Under the terms of the Agreement, at completion, the Company will issue Voxel such number of shares equivalent in value to €1 million, based on a deemed issue price of A\$0.125 per share and an average EUR/AUD exchange rate published by the Reserve Bank of Australia 30 days prior to completion (Consideration Shares).

The Agreement also provides that 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.
- 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.

WAY2VAT LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(USD in thousands)

NOTE 7 - SUBSEQUENT EVENTS (CONT.):

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.

4. During August 2022, the Company raised an amount of A\$300 (\$206) for the issuance of 5,882,352 Ordinary shares at a price per share of A\$0.051 to fund ongoing operations.