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Appendix 4D

Preliminary Final Report For The Period Ended 30 June 2025

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 2025 (H1 FY25)
Previous Corresponding Period	6 months ended 30 June 2024 (H1 FY24)
Currency	All figures are in **AUD in thousands**

Results Announcement to the market:

	2025	2024	Movement %
Revenues from ordinary activities	2,491	1,736	+43%
Operating Loss	(2,325)	(3,388)	-31%
Loss from ordinary activities after tax attributable to owners	(3,702)	(3,241)	+14%
Net Loss for the period attributable to owners	(3,702)	(3,241)	+14%

The Group's consolidated financial statements for the year ended 31 December 2024, were presented in U.S. dollars. Effective from the interim period ended 30 June 2025, the Group changed its reporting currency to Australian dollars, to better reflect the economic realities of its operations and investor base.

Commentary on the Results for the Half Year

Results for H1 FY25 included the following key activity:

- Reported revenue increased to $2.49 million, a 43% increase on the previous corresponding period (pcp) (1H FY24: $1.73million). Conversion of new client signings into revenue ahead of the 30 June tax deadlines in many jurisdictions contributed to the strong revenue growth.
- Over 1H FY25, Way2VAT raised its enterprise client base to 414 from 375 in the pcp. This included the significant signing of a global VAT reclaim and APAI Compliance contract with JLL. JLL is a global real estate and property management company with more than 300 offices in over 80 countries. The contract

executed with JLL covers VAT recovery on both local and foreign T&E (Travel & Entertainment) and AP (Accounts Payable) invoices and also enables JLL to utilise Way2VAT's new APAI Compliance platform. Since beginning work with JLL, Way2VAT has received instructions to include additional entities with regards to VAT reclaim services increasing the scope of work to be done under this contract.

- Way2VAT operating expenses during the half were $4.37 million, a decrease of 7% on pcp (1H FY24: $4.69 million). This reduction in operating expenses is a result of cost cutting initiatives implemented in Q4 FY24 which were primarily staff costs, professional services, administration and corporate costs coming into effect in 1H 2025. The full year 2025 operating costs versus 2024 are expected to show a higher reduction in costs.
- A stable cost of goods sold together with higher recorded revenues led to a 57% increase in gross profit to $2.05 million (1H FY24: 1.3m) and a gross profit margin of 82% demonstrating the business's ability to scale on higher volumes.
- During 1H FY25 Way2VAT completed two rounds of funding. During January the Company raised A$2.55 million before costs via the issue of Convertible Notes to certain sophisticated investors and key shareholders. These convertible notes were subsequently converted to equity with shareholders approval during May 2025. The Company then raised A$2 million before costs in June via a placement at an issue price of A$0.007 per share with strong support from new and existing shareholders.
- Subsequent to the end of 1H FY25 the Company also agreed with its banker, Israeli Bank Hapoalim on 24 August to extend its core financing facility, an A$1.2 million secured loan for another 12 months to 31 August 2026.

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

Refer to the 30 June 2025 attached condensed interim consolidated financial statements and accompanying notes for Way2VAT Limited.

Statement of Financial Position with Notes to the Statement

Refer to the 30 June 2025 attached condensed interim consolidated financial statements and accompanying notes for Way2VAT Limited.

Statement of cash flows with Notes to the Statement

Refer to the 30 June 2025 attached condensed interim consolidated financial statements and accompanying notes for Way2VAT Limited.

Statement of retained earnings and change in equity

Refer to the 30 June 2025 attached condensed interim consolidated financial statements and accompanying notes for Way2VAT Limited.

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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.

Emphasis of Matter – Going Concern

The Company's independent auditor's review report for the six months ended 30 June 2025 includes an emphasis of matter in relation to going concern. Further details are provided in Note 1.c. of the condensed interim consolidated financial statements.

Net Tangible Assets Per Security

	June 2025	December 2024
	$/share	$/share
Net tangible assets per ordinary share	-0.001	-0.004

Details of Controlled Entities:

Entity name	Country of incorporation	Proportion of ownership interest on 30 June		Held by
		2025	2024	
WAY2VAT UK Limited	UK	100%	100%	WAY2VAT Ltd
DevoluIVA S.L.U	Spain	100%	100%	WAY2VAT Ltd
WAY2VAT SRL	Romania	100%	100%	WAY2VAT Ltd
WAY2VAT Inc.	USA	100%	100%	WAY2VAT Ltd

Signed _____ Date 28 August 2025

Chairman

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WAY2VAT LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2025

(UNAUDITED)

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WAY2VAT LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2025

(UNAUDITED)

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BDO

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 30 June 2025 and the related condensed interim consolidated statements of loss and other comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the six months 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 30 June 2025, and of its financial performance and its consolidated cash flows for the six months then ended in accordance International Accounting Standard IAS 34.

Emphasis of Matter

We draw attention to note 1.c. of the financial information, which indicates that the company has incurred negative cash from operation of $3,204 thousand and net losses of $3,702 thousand during the six months ended 30 June 2025. As stated in Note 1.c., 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.

Ziv Haft

Ziv haft

Certified Public Accountants (Isr.)

BDO Member Firm

Tel-Aviv, Israel

28 August 2025

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WAY2VAT LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(AUD in thousands)

	30 June 2025 Unaudited	31 December 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	863	131
Trade receivables	5,501	4,495
Other accounts receivable	195	253
	6,559	4,879
Non-Current Assets:		
Property and equipment, net	21	53
Right-of-use assets	1,140	1,095
Intangible Assets	1,180	1,190
	2,341	2,338
Total Assets	8,900	7,217

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

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WAY2VAT LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT.)

(AUD in thousands)

	Note	30 June 2025 Unaudited	31 December 2024
LIABILITIES AND EQUITY (DEFICIT)			
Current Liabilities:			
Bank loans		1,796	2,028
Governmental loans		64	90
Trade payables		580	699
Lease liabilities		354	313
Contingent consideration		23	43
Liability for royalties payable		229	220
Derivative liability – Options	4	162	162
Other accounts payables		3,497	3,745
		6,705	7,300
Non-Current Liabilities:			
Governmental loans		367	365
Lease liabilities		723	782
Liability for royalties payable		535	547
Other Liabilities		393	353
		2,018	2,047
Equity (Deficit):	5		
Share capital		7,278	3,888
Additional paid in capital		38,769	35,901
Share based compensation reserve		4,162	4,370
Adjustments arising from translation to reporting currency		(1,006)	(965)
Accumulated losses		(49,026)	(45,324)
Total Equity (Deficit)		177	(2,130)
Total Liabilities and Equity (Deficit)		8,900	7,217

Amos Simantov CEO & Director	Evyatar Cohen CFO	28 August 2025 Date of approval of financial statements

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

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WAY2VAT LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS

(AUD in thousands)

	Six months ended 30 June	
	2025	**2024**
	Unaudited	
Revenue	2,491	1,736
Cost of revenues	444	435
Gross profit	2,047	1,301
Research and development expenses	1,291	1,184
Selling and marketing expenses	1,123	1,399
General and administrative expenses	1,958	2,106
Total Operating expenses	4,372	4,689
Operating loss	(2,325)	(3,388)
Finance income	7	382
Finance expenses	(1,384)	(235)
Loss for the period	**(3,702)**	**(3,241)**
Other comprehensive loss, net of tax:		
Items that will not be reclassified to profit or loss:		
Exchange losses arising on translation to reporting currency	(41)	(26)
Total comprehensive loss for the period	**(3,743)**	**(3,267)**
Basic and diluted loss per share ($)	(0.0044)	(0.0042)

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

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(AUD in thousands)

For the six months ended 30 June 2025 (Unaudited):	Share capital	Additional paid in capital	Share based compensation	Adjustments arising from translation to reporting currency	Accumulated deficit	Total
Balance as of 1 January 2025						
Changes during the period:	3,888	35,901	4,370	(965)	(45,324)	(2,130)
Net loss	-	-	-	-	(3,702)	(3,702)
Other comprehensive loss	-	-	-	(41)	-	(41)
Total comprehensive loss	-	-	-	(41)	(3,702)	(3,743)
Issuance of shares in connection with conversion of the Convertible Notes	2,077	1,637	-	-	-	3,714
Issuance of shares, net of issuance expenses in connection with the finance round	1,257	666	-	-	-	1,923
Issuance of shares, net of issuance expenses in connection with Directors' service rendered	46	29	-	-	-	75
Issuance of shares, net of issuance expenses in connection with service rendered	6	169	-	-	-	175
Exercise of options to ordinary shares	4	337	(341)	-	-	*
Expiration of Share based compensation	-	30	(30)	-	-	-
Share based compensation	-	-	163	-	-	163
Balance as of 30 June 2025	**7,278**	**38,769**	**4,162**	**(1,006)**	**(49,026)**	**177**

* Represent an amount lower than $1 thousand

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

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WAY2VAT LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT) (CONT.)

(AUD in thousands)

For the six months ended 30 June 2024 (Unaudited):	Share capital	Additional paid in capital	Share based compensation	Adjustments arising from translation to reporting currency	Accumulated deficit	Total
Balance as of 1 January 2024	2,721	31,631	4,841	(829)	(39,836)	(1,472)
Changes during the period:						
Net loss	-	-	-	-	(3,241)	(3,241)
Other comprehensive loss	-	-	-	(26)	-	(26)
Total comprehensive loss	-	-	-	(26)	(3,241)	(3,267)
Issuance of shares in connection with conversion of the Convertible Notes	269	769	-	-	-	1,038
Issuance of shares, net of issuance expenses in connection with the Placement finance round	628	1,834	-	-	-	2,462
Issuance of shares, net of issuance expenses in connection with the Share Purchase Plan offer	33	92	-	-	-	125
Exercise of options to ordinary shares	*	63	(63)	-	-	*
Expiration and forfeiture of Share based compensation	-	15	(15)	-	-	-
Share based compensation	-	-	192	-	-	192
Balance as of 30 June 2024	**3,651**	**34,404**	**4,955**	**(855)**	**(43,077)**	**(922)**

* Represent an amount lower than $1 thousand

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

WAY2VAT LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(AUD in thousands)

	Six months ended 30 June	
	2025	**2024**
	Unaudited	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the period	(3,702)	(3,241)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization and depreciation	223	249
Capital loss	34	-
Fair value adjustments of Derivative liability Options	(11)	(296)
Fair value adjustments of contingent consideration	(22)	(64)
Interest and fair value adjustment in connection with the convertible notes	1,164	-
Interest expenses and reassessment	(47)	30
Financial expenses, net	49	95
Share based compensation	163	192
Changes in assets and liabilities:		
Change in trade receivable, net	(661)	97
Change in other accounts receivable	75	(66)
Change in trade accounts payable	(162)	(63)
Change in other accounts payable	(221)	1,520
Change in other liabilities	14	30
Cash from operations	(3,104)	(1,517)
Interest paid	(100)	(95)
Net cash used in operating activities	(3,204)	(1,612)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(2)	(8)
Net cash used in investing activities	(2)	(8)

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

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WAY2VAT LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT.)

(AUD in thousands)

	Six months ended 30 June	
	2025	**2024**
	Unaudited	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash received in connection with Convertible Notes, net of issuance expenses	2,550	1,038
Issuance of unit of security, net of issuance expenses in connection with the Placement finance round	-	2,990
Issuance of shares, net of issuance expenses in connection with the Placement finance round	1,923	-
Issuance of unit of security, net of issuance expenses in connection with the Share Purchase Plan offer	-	156
Bank loans, net	(343)	(493)
Principal paid on lease liabilities	(177)	(141)
Governmental loans	(62)	-
Royalties paid to the IIA	-	(17)
Exercise of options to ordinary shares	*	*
Net cash provided by financing activities	3,891	3,533
Net increase in cash and cash equivalents	684	1,913
Cash and cash equivalents at the beginning of the period	131	722
Effects of exchange rate changes on cash and cash equivalents	47	115
Cash and cash equivalents at the end of the period	863	2,750
APPENDIX A - NON-CASH ACTIVITIES:		
Conversion of Convertible Notes	3,714	1,038
Recognition of right of use assets and lease liabilities	122	326
Issuance of shares in connection with Director's service rendered	75	-
Share based compensation in connection with service rendered	175	-

* Represent an amount lower than $1 thousand

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

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NOTE 1 - GENERAL:

a. Way 2 Vat Ltd. ("the Company") was incorporated on 19 February 2014, under the laws of Israel and commenced operations on 1 March 2016. The Company is listed, and its shares are publicly traded on the Australian Securities Exchange ("ASX"). The Company, along with its subsidiaries, is developing applications for automatic VAT reclaims for enterprises.

b. The condensed interim consolidated financial statements include the results of the Company and its wholly owned subsidiaries as follows (together "the Group"):

Entity name	Country of incorporation	Proportion of ownership interest as of:		Held by
		30 June 2025	31 December 2024	
WAY2VAT UK Limited	UK	100%	100%	WAY2VAT Ltd.
DevoluIVA S.L.U	Spain	100%	100%	WAY2VAT Ltd.
WAY2VAT SRL	Romania	100%	100%	WAY2VAT Ltd.
WAY2VAT Inc.	USA	100%	100%	WAY2VAT Ltd.

c. The Company financed its operation through fundraising via its listing on the ASX, private placements, bank loans, governmental loans and grants. The Group has incurred negative cash from operating activities of $3,204 thousand and net loss of $3,702 thousand for the six months ended 30 June 2025 and, as of that date, the Group's current liabilities exceeded its current assets by $146 thousand. 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 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 primarily from:

- Additional support from existing and new shareholders.
- Growth in revenues from existing and new clients.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of preparation

These condensed 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 2024 annual consolidated financial statements. The condensed interim financial statements as of 30 June 2025, have not been audited.

b. Significant accounting policies

The Group has applied the same accounting policies and methods of computation in its condensed interim consolidated financial statements as in its 2024 annual consolidated financial statements.

c. Use of estimates and judgements

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

d. Functional and foreign currency

The reporting currency of the Group is Australian Dollars ("AUD" or "$"), which provides relevant information for most investors and users of the interim consolidated financial statements. Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The functional currency of the Company and DevoluIVA S.L.U. (DevoluIVA) is Euros, the functional currency of WAY2VAT UK Limited is the Pound sterling ("GBP"), the functional currency of WAY2VAT SRL is RON (WAY2VAT Inc. has no activities and therefore were not considered in this analysis).

The Group's consolidated financial statements for the year ended 31 December 2024, were presented in U.S. dollars. Effective from the interim period ended 30 June 2025, the Group changed its reporting currency to Australian dollars, to better reflect the economic realities of its operations and investor base.

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NOTE 3 – BANK LOANS:

The bank loans as of 30 June 2025 comprised of the following:

- Principal amount of NIS 2,650 thousand (approximately $1,204 thousand based on the exchange rate of $1.00 / NIS 2.2032 in effect as of June 30, 2025), bearing an annual interest rate of 10.50%. The loan, due for repayment on 30 August 2025, was extended on 24 August 2025, to a new maturity date of 31 August 2026..
- Original Principal amount of NIS 1,400 thousand (approximately $635 thousand based on the exchange rate of $1.00 / NIS 2.2032 in effect as of June 30, 2025) bearing an annual interest rate of 11.80%. Such loan is payable via 17 monthly installments commencing 30 April 2024 (through 31 August 2025). The remainder amount as of 30 June 2025 aggregated to NIS 177 thousand (approximately $80 thousand based on the exchange rate of $1.00 / NIS 2.2032 in effect as of June 30, 2025).
- Principal amount of NIS 1,000 thousand (approximately $455 thousand based on the exchange rate of $1.00 / NIS 2.2032 in effect as of June 30, 2025), bearing an annual interest rate of 10.50%. The loan was originally scheduled for repayment on 23 July 2025, but the maturity date has since been extended to 1 October 2025.
- On 9 April 2025, the Company entered into a financing arrangement with the bank for a credit facility totaling $720,000. The facility is secured by purchase orders received from existing clients for work to be performed by the Company. Funds under the credit line may be drawn when the Company invoices clients for services performed in connection with such purchase orders. The Company is entitled to draw up to 50% of each invoice amount, subject to an aggregate limit of $720,000. The facility is available through 31 October 2025, by which date the relevant work is expected to be completed and carries interest at the Israeli Prime Rate + 4.5% (currently 10.50%). On 3 June 2025, the Company drew NIS 126 thousand (approximately $57 thousand based on the exchange rate of $1.00 / NIS 2.2032 in effect as of June 30, 2025) under this facility, with repayment due on 3 September 2025.

The Company provided the bank with a floating charge for its entire assets as a guarantee for those outstanding loans.

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NOTE 4 – DERIVATIVE LIABILITY - OPTIONS:

a. Stock options granted to investors

The outstanding options granted to investors for the six months ended 30 June 2025 are as follows:

	Number of options
	Unaudited
Outstanding as of 1 January 2025	163,130,381
Granted	-
Exercised	-
Forfeited	-
Outstanding as of 30 June 2025	163,130,381

Those options have an exercise price denominated in $, which differs from the Company's functional currency and as a result they are as liabilities and not as equity instrument. They were recorded initially at fair value, the same as of 30 June 2025 and should be continually measured at fair value at each cut-off date.

These options are exercisable until 28 February 2026.

b. Fair value measurement

	Fair value hierarchy As of 30 June 2025 and 31 December 2024			
	Level 1	Level 2	Level 3	Total
Options granted to investors	162	-	-	162

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NOTE 5 - EQUITY:

a. Ordinary shares – Status

For the six months ended 30 June 2025:	Authorized	Issued and outstanding
	Number of shares	
	Unaudited	
Ordinary shares of NIS 0.01 par value as of 1 January 2025	1,500,000,000	932,665,506
Increase in authorized shares*	1,500,000,000	-
Issuance of shares of NIS 0.01 par value in connection with conversion of the Convertible Notes	-	468,168,823
Issuance of ordinary shares of NIS 0.01 par value in connection with service rendered	-	1,334,635
Issuance of ordinary shares of NIS 0.01 par value in connection with Director's service rendered	-	10,689,144
Issuance of ordinary shares of NIS 0.01 par value in connection with finance round	-	285,714,281
Exercise of options	-	897,294
Ordinary shares of NIS 0.01 par value as of 30 June 2025	3,000,000,000	1,699,469,683

* On 12 May 2025, as part of the Company's general meeting of the shareholders', the authorized share capital was increased from NIS 15,000,000 to NIS 30,000,000, divided into 3,000,000,000 ordinary shares of NIS 0.01 par value.

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NOTE 5 - EQUITY (CONT.):

a. Ordinary shares – Status (cont.)

For the year ended 31 December 2024:	**Authorized**	**Issued and outstanding**
	Number of shares	
Ordinary shares as of 1 January 2024	1,500,000,000	651,898,972
Issuance of shares in connection with conversion of the Convertible Notes	-	63,445,626
Issuance of shares in connection with the Placement finance round	-	193,181,813
Issuance of shares in connection with the Share Purchase Plan offer	-	8,068,182
Issuance of shares in connection with Director's service rendered	-	8,439,218
Issuance of ordinary shares in connection with contingent consideration	-	6,520,393
Exercise of options	-	1,111,302
Ordinary shares as of 31 December 2024	1,500,000,000	932,665,506

b. Issuance of ordinary shares:

During the six months ended 30 June 2025, a total of 766,804,177 shares were issued, which occurred as part of the following transactions and events:

1. Convertible Notes:

   In January 2025, the Company entered into subscription agreements to raise a total $2.55 million from certain professional and sophisticated investors, being the Convertible Note Investors, pursuant to which the Company agreed to issue, and the Convertible Note Investors agreed will subscribe for, an aggregate of 51 convertible notes each with a face value of $50 thousand per convertible note ("Convertible Notes"). The Convertible Notes carry an annual interest rate of 10%.

   In accordance with the terms and conditions of the Convertible Notes, each Noteholder may, at their sole discretion and prior to the Maturity Date, elect to convert the Outstanding Principal together with any accrued interest into Shares by issuing the Company a conversion notice in writing (Voluntary Conversion).

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NOTE 5 - EQUITY (CONT.):

b. Issuance of ordinary shares (cont.):

The conversion includes a 30% discount to the average of the preceding 30-day Volume Weighted Average Price (VWAP) immediately prior to the date of the conversion notice but subject to a maximum conversion price of $0.015 per Share.

In March 2025, the holders of the Convertible Notes elected to convert their Notes into equity. Consequently, in May 2025, the Company issued 468,168,823 ordinary shares at a price per share of $0.005554, inclusive of accrued interest totaling $50 thousand.

The conversion price for such notes denominated in $, which differs from the Company's functional currency, therefore, it did not meet the criteria for classification as equity. Accordingly, the Convertible Notes considered a hybrid instruments that include a debt host contract and an embedded derivative liability. As the instrument contains an embedded derivative, it has been designated at fair value through profit or loss on initial recognition and as such the embedded conversion feature is not separated. All transaction costs related to financial instruments designated as fair value through profit or loss are expense as incurred. Following the conversion as mentioned above, the Company allocated the converted amount based on the fair value of the issued shares, and the difference of $1,164 thousand (which inclusive the accrued interest) was recognized as a finance expense.

2. In May 2025, the Company issued 10,689,144 ordinary shares to three (3) of its directors as consideration for services rendered. The fair value of the shares aggregated to $75 thousand. This issuance represents a settlement of liabilities through the issuance of equity. The related expense was recognized in the consolidated statements of loss and other comprehensive loss in the periods during which the services were rendered.

3. In June 2025, the Company issued 1,334,635 ordinary shares to Voxel as consideration for services rendered, in accordance with the terms of the related agreement. The fair value of the shares was $175 thpusand. This issuance constitutes a settlement of liabilities through the issuance of equity. The related expense was recognized in the consolidated statements of loss and other comprehensive loss during the periods in which the services were rendered.

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NOTE 5 - EQUITY (CONT.):

b. Issuance of ordinary shares (cont.):

4. Finance round:

   In June 2025, the Company raised an amount of $2.0 million for the issuance of 285,714,281 Ordinary shares at a price per share of $0.007. Issuance costs totaled $77 thousand and were offset against the contributed equity.

5. In June 2025 the Company issued 897,294 shares upon exercise of options.

c. Stock options granted to employees and consultants:

The outstanding options granted to employees and consultants for the six months ended 30 June 2025 are as follows:

	Number of options
	Unaudited
Outstanding as of 1 January 2025	90,082,814
Granted	8,000,000
Exercised	(897,294)
Forfeited	(2,950,135)
Outstanding as of 30 June 2025	94,235,385

The Company granted 8,000,000 options during the six months ended 30 June 2025. Those options were valued on their grant date based on Black Scholes option valuation methodology based on, among other things, the following data and assumptions: exercise price per share of Between $0.01 - $0.03, vesting period is 3 years, contractual life of 10 years, expected volatility of 62%, dividend growth rate 0% and Expected term - 2 years.

Total value of the options granted during the six months ended 30 June 2025 was $20 thousand.

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NOTE 6 – RELATED PARTIES:

The following transactions and liabilities arose with related parties (as individuals and as companies controlled by them):

Transaction – expenses*	Six months ended 30 June	
	2025	2024
	Unaudited	
Management Fee to the CEO and director	196	202
Consultancy fees to directors	93	88
Share based compensation to the CEO and director	55	117
Share based compensation to directors	9	33

* Recorded within General and administrative expenses line item

Liabilities to related parties**	Nature of transaction	30 June 2025	31 December 2024
		Unaudited	
CEO and director	Management Fees	38	12
Directors	Consultancy fees	42	62

** Recorded within other accounts payable line item

NOTE 7 – LEGAL PROCEEDINGS:

a. DevoluIVA is a party to three (3) legal proceedings. The exposure of all is up to $75 thousand. No provision was recorded as of 30 June 2025 and 31 December 2024 due to the uncertainty outcome of those proceedings.
b. On 26 February 2024 the Company was served with a lawsuit filed by its former landlord in a total amount of NIS 163 thousand (approximately $74 thousand based on the exchange rate of $1.00 / NIS 2.2032 in effect as of June 30, 2025) for office rent differences for prior periods. The Company does not agree with such a demand, submitted its defense to the court as well as an affidavit by one witness. The evidence hearing is set to 22 December 2025. This litigation is still in its early stage and therefore no provision was recorded as of 30 June 2025 and 31 December 2024.

NOTE 8 – SUBSEQUENT EVENTS:

Two loans were extended subsequent to June 30, 2025. Refer to Note 3 for additional details.

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DECLARATION OF INDEPENDENCE BY BDO ZIV HAFT TO THE DIRECTORS OF WAY2VAT LTD.

As lead reviewer of Way2Vat Ltd. for the period ended 30 June, 2025, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the reviewer independence requirements in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Way2Vat Ltd.

Tel-Aviv, Israel

28 August, 2025

Ziv Haft

Ziv haft

Certified Public Accountants (Isr.)

BDO Member Firm

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