

9 December 2024

Ms Vanessa Nevjestic
Senior Advisor, Listing Compliance
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Ms Nevjestic

Way2Vat Ltd – Aware Query Letter

Way2Vat Ltd (**W2V** or the **Company**) refers to the letter from ASX dated 3 December 2024 (**Query Letter**).

Detailed below are the Company's responses to the questions in the Query Letter. Unless otherwise defined, capitalised terms in this letter have the same meaning given to those terms in the Query Letter.

Question 1: *Does W2V consider the Financing Facility to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

No.

Question 2: *If the answer to question 1 is “no”, please advise the basis for that view commenting specifically on the Financing Facility in the context of W2V’s Cash Balance, Negative Working Capital and Negative Equity.*

The Company considers the Financing Facility (for an amount of A\$406,000) to be immaterial having regard to the Company's financial position and existing finance facilities, noting:

- a) at the time of entering into, and drawing down, on the Financing Facility the Company had drawn down on approximately A\$1.4 million of the existing financing facilities with Bank Hapoalim. The Board considers the Financing Facility to be a short-term incremental increase to its existing banking arrangements – noting also that the Company's had drawn down on existing financing facilities with Bank Hapoalim of approximately A\$1.5 million at the end of the June 2024 quarter and approximately A\$1.7 million at the end of March 2024;
- b) the Company's total assets of US\$5,413,000 (approximately A\$8.4 million) as at 30 June 2024, with the Financing Facility being equivalent to 4.8% of total assets; and
- c) the Company's total liabilities of US\$6,023,000 (approximately A\$9.3 million) as at 30 June 2024, with the Financing Facility being equivalent to 4.3% of total liabilities.

Further, in respect of the particular items referred to in question 2, the Company advises as follows:

- a) Cash Balance – The Company's cash balance is only one component of the Company's net working capital which funds the company's operations at any point in time and includes a much larger trade receivables balance (A\$4.0m as at 30 September 2024);
- b) Negative Working Capital – As noted in the 2024 Half Year Report, the Board formed the view that the Company will be able to pay its debts when they fall due, and fund near term anticipated activities, based on proceeds primarily from:
 - i. additional capital support from existing and new shareholders; and
 - ii. growth in revenues from existing and new clients.

This position continued to apply when the Company entered into the Financing Facility. Further, the Company considers that its negative working capital position will improve due to a reduction in operating costs and an increase in the Company's economies of scale.

- c) Negative Equity – The Board also formed the view that the negative equity position as at 30 June 2024 will be recovered from a combination of the future actions noted in paragraph e) above.

Question 3: When did W2V first enter into the Financing Facility?

Bank Hapoalim verbally approved the Financing Facility on 29 October 2024 and the Company entered into the Financing Facility on 31 October 2024.

Question 4: If W2V first became aware of the Financing Facility before the Relevant Date, did W2V make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe W2V was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps W2V took to ensure that the information was released promptly and without delay.

As detailed in Question 1, the Company does not consider the Financing Facility to be information that a reasonable person would expect to have a material effect on the price or value of its securities and does not believe that it was obliged to release the information under Listing Rule 3.1. Note however that, in any event, the Company disclosed the Financing Facility in the Quarterly Report released on 30 October 2024 (pre-market open) after it received verbal approval of the Financing Facility on 29 October 2024 and prior to the Company entering into the Financing Facility on 31 October 2024.

Question 5: What is W2V's current unaudited cash balance?

As at 30 November 2024, the Company's unaudited cash balance is US\$250,000 (approximately A\$388,000).

Question 6: Noting W2V's responses to the question at item 8.6.2 of the Quarterly Report, please advise if:

6.1 Has W2V collected any accounts receivable from government tax authorities, or any part thereof.

During the period commencing on 1 October 2024 to 30 November 2024, the Company collected approximately A\$590,000 from government tax authorities (which is inclusive of the A\$290,000 detailed in item 8.6.2 of the Quarterly Report).

6.2 Has W2V received the balance of A\$350,000 from the equity placement it announced on 28 February 2024, or any part thereof.

As at the date of this letter, the Company has received a further A\$275,000 of the outstanding A\$350,000 and expects to receive the remaining A\$75,000 in due course.

Question 7: It is possible to conclude on the basis of the information provided that if W2V were to continue to expend cash at the rate for the quarter indicated by the Cash Outflow for the Quarter, taking into account the Negative Working Capital, W2V may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing W2V's position?

Yes, it may be possible, however, the Company considers the following factors should also be taken into account in assessing W2V's position:

- a) the Company has a significant accounts receivable balance of approximately A\$4.0 million as at 30 September 2024;
- b) the Company has made progress with regards to cash collections (being conversions of accounts receivables to cash receipts) – noting the improved cash collection position from 1 October 2024 to 30 November 2024 of A\$590,000;
- c) the Company's increase in revenue from A\$1.1 million in Q2 FY24 to A\$1.4 million in Q3 FY24 (unaudited) and an increase in the number of enterprise clients to 385 enterprise clients as at 30 September 2024; and
- d) the Company has undertaken, and continues to undertake, various cost saving initiatives, including a reduction in its headcount and service providers – noting that as at 30 November 2024, the Company has reduced operating expenses by approximately 20% on a quarterly run-rate basis going into FY2025.

Question 8: *Does W2V expect that in the future it will have negative operating cash flows similar to that reported in the Quarterly Report? If so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate.*

Yes. However, the Company:

- a) continues to make progress with regards to cash collections from receivables and expects cash collections to improve in the next quarter (refer to Question 7(b) above);
- b) continues to focus on growing revenues and increasing the number of enterprise clients (refer to Question 7(c) above); and
- c) has undertaken, and continues to undertake, various cost saving initiatives (refer to Question 7(d) above).

In addition to the above, the Company is also presently evaluating and is in advanced discussions with a number of parties (including existing significant shareholders), in respect to a number of funding and capital raising opportunities, including both debt and equity.

Question 9: *What steps has W2V taken, or what steps does it propose to take, to enable it to continue to meet its business objectives.*

To enable the Company to continue to meet its business objectives, the Company:

- a) continues to make progress with regards to cash collections from receivables and expects cash collections to improve in the next quarter – noting that the Company has a significant accounts receivable balance of approximately A\$4.0 million as at 30 September 2024;
- b) continues to focus on growing revenues and increasing the number of enterprise clients;
- c) has undertaken, and continues to undertake, various cost saving initiatives, including a reduction in its headcount and service providers; and
- d) is also presently evaluating and is in advanced discussions with a number of parties (including existing significant shareholders), in respect to a number of funding and capital raising opportunities, including both debt and equity.

Refer to our responses in the paragraphs above for further details.

Question 10: *Do the directors of W2V consider that W2V is a going concern?*

Yes.

Question 11: If the answer to question 10 is “yes”, please explain the basis for this conclusion.

The Directors consider W2V to be a going concern, based on:

- a) the Company's improved financial position (compared to previous quarters in 2024) – noting an increase in revenue to A\$1.4 million in Q3 FY24 (unaudited) (a 74% increase from the prior corresponding period) and increase in the number of enterprise clients (refer to Question 7(c) above);
- b) the Company's increase in its accounts receivable balance from approximately A\$3.4 million as at 30 June 2024 to approximately A\$4.0 million as at 30 September 2024 – noting the Company's improved cash collections from receivables in recent months; and
- c) the Company is in advanced discussions with a number of parties (including existing significant shareholders) in respect to further funding (whether via debt or equity) – noting that the Company has a historical track record of being able to raise funds to support its business plan and budget as and when required.

Question 12: If the answer to question 10 is “no”, on what basis does W2V consider its securities warrant continued listing on ASX under the requirements of Listing Rule 12.2?

2 Not applicable.

Question 13: Please confirm that W2V is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

3 Confirmed.

Question 14: Please confirm that W2V's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of W2V with delegated authority from the board to respond to ASX on disclosure matters.

4 Confirmed.

For and on behalf of Way2Vat Ltd,

Ms. Emily Austin
Company Secretary
Way2Vat Ltd



3 December 2024

Reference: ODIN103819

Ms Emily Austin
Company Secretary
Way 2 Vat Ltd
C/- Automic Pty Ltd
Level 5, 126 Philip Street
Sydney, New South Wales 2000

By email: emily.austin@automicgroup.com.au

Dear Ms Austin

Way 2 Vat Ltd ('W2V'): Query Letter

ASX refers to the following:

- A. W2V's interim report for the half year ended 30 June 2024 released on the ASX Market Announcements Platform ('MAP') at 8:57 AM AEST on 29 August 2024 (the '2024 Half Year Report'), disclosing (relevantly) the following information:
- (i) Cash and cash equivalents as at 30 June 2024 of US\$1,825,000 ('Cash Balance');
 - (ii) Working capital deficiency as at 30 June 2024 of US\$686,000 ('Negative Working Capital'); and
 - (iii) Total equity deficit of US\$610,000 ('Negative Equity').
- B. The Independent Auditor's review report attached to the 2024 Half Year Report (the 'Auditor's Report') which contained the following emphasis of matter:
- "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 \$1,057 thousand and net loss of \$2,131 thousand during the six months ended 30 June 2024. As stated in note 1.c., these matters indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter"*
- C. W2V's quarterly activity and cash flow reports for the quarter ended 30 September 2024 entitled "Quarterly Activities/Appendix 4C Cash Flow Report" released on MAP at 09:27 PM AEDT on 30 October 2024 (the 'Relevant Date') (the 'Quarterly Report'), disclosing (relevantly) the following information:
- (i) W2V had entered into a secured financing facility with Bank Hapaolim for a total amount of A\$406,000 (the 'Financing Facility');
 - (ii) Net cash used in operating activities for the quarter of A\$2,615,000 (the 'Cash Outflow for the Quarter');
 - (iii) Cash and cash equivalents at the end of the quarter of A\$427,000; and
 - (iv) 0.16 estimated quarters of funding available.
- D. W2V's responses to the question at item 8.6 of the Quarterly Report as set out below:
- 8.6.1** *Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?*

The company expects that the level of operating cash burn will continue to decrease in coming quarters due to greater revenues from both increased client activity and new client wins explained in the accompanying Quarterly Activity Report. The Company's cash balance will also be improved by the collection of accounts receivable from government tax authorities combined with some further decrease in operating costs.

8.6.2 *Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

(A) As of 30 September 2024, the Company expects to receive an additional \$550 thousand of delayed funds from the equity placement undertaken earlier in the year. The Company has collected \$200 thousand of these outstanding funds since 30 September 2024 to the date of this report with the remainder due by 31st October.

(B) Commencing 1 October 2024 until the date of this report, the company collected approximately \$290 thousand of receipts from clients.

(C) The Company has a strong track record of raising funds to support the Company's growth and has commenced discussions with various parties to further support the Company's business as it grows to its cashflow break-even point.

8.6.3 *Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

Yes, please see 8.6.1 and 8.6.2 above

E. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

F. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."

G. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"

H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following 5 situations applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- I. Guidance Note 8 in *Continuous Disclosure: Listing Rules 3.1 – 3.1B* which sets out at section 4.1, a number of examples of the type of information that could be market sensitive, including:

"the entry into, variation or termination of a material agreement".

- J. The concept of "confidentiality" detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it is no longer a secret and it ceases to be confidential information for the purposes of this rule."

- K. Listing Rule 12.2 which states:

12.2 *An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued +quotation of its +securities and its continued listing.*

Request for information

Having regard to the above, ASX asks W2V to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does W2V consider the Financing Facility to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view commenting specifically on the Financing Facility in the context of W2V's Cash Balance, Negative Working Capital and Negative Equity.
3. When did W2V first enter into the Financing Facility?
4. If W2V first became aware of the Financing Facility before the Relevant Date, did W2V make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe W2V was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps W2V took to ensure that the information was released promptly and without delay.
5. What is W2V's current unaudited cash balance?
6. Noting W2V's responses to the question at item 8.6.2 of the Quarterly Report, please advise if:
 - 6.1 W2V has collected any accounts receivable from government tax authorities, or any part thereof.
 - 6.2 W2V has received the balance of A\$350,000 from the equity placement it announced on 28 February 2024, or any part thereof.
7. It is possible to conclude on the basis of the information provided that if W2V were to continue to expend cash at the rate for the quarter indicated by the Cash Outflow for the Quarter, taking into account the Negative Working Capital, W2V may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing W2V's position?
8. Does W2V expect that in the future it will have negative operating cash flows similar to that reported in the Quarterly Report? If so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate.

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9. What steps has W2V taken, or what steps does it propose to take, to enable it to continue to meet its business objectives.
 10. Do the directors of W2V consider that W2V is a going concern?
 11. If the answer to question 10 is “yes”, please explain the basis for this conclusion.
 12. If the answer to question 10 is “no”, on what basis does W2V consider its securities warrant continued listing on ASX under the requirements of Listing Rule 12.2?
 13. Please confirm that W2V is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
 14. Please confirm that W2V’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of W2V with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **09:00 AM AWST Monday, 9 December 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, W2V’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require W2V to request a trading halt immediately if trading in W2V’s securities is not already halted or suspended.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in W2V’s securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in W2V’s securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to W2V's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that W2V's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

ASX Compliance