

ASX release

29 April 2024

Way2VAT continues quarterly revenue increase as business scales and growth plans accelerate in multiple markets

Q1 FY24 Quarterly Activities Report and Appendix 4C

Q1 FY24 Highlights (all figures A\$ unless otherwise stated and unaudited)

- Revenue of \$680K, up 32% on pcp (\$514k in Q1 FY23)
- Transaction volume of \$4.1M, up 84% on pcp (\$2.23 million in Q1 FY23)
- Cash receipts of \$934k, up 83% on pcp (\$510k in Q1 FY23)
- Accounts receivable on client VAT claims already submitted to tax authorities \$3.3 million
- AI-AP Compliance launched and receiving positive feedback on pilot with key clients for world's first AI-driven automated auditing product for use in 80 countries
- Entered Australian enterprise market with new Australian multinational industrial company
- Enterprise clients now number ~365
- Secured \$5.5 million (before costs) via Convertible Notes issuance and a strongly supported Placement during the period and a subsequent Share Purchase Plan in April
- Way2VAT continues to experience no negative impact on its global operations from the ongoing security situation in Israel. Ninety per cent of clients are based in Europe and the UK, with 80% of staff based in Spain, the UK and Romania.

Global fintech leader in automated VAT/GST claim and return solutions, Way2VAT Ltd (**ASX: W2V, Way2VAT or the Company**), provides an update on its activities for the quarter ended 31 March 2024 (Q1 FY24), alongside the Company's Appendix 4C.

Commenting on the Company's achievements over Q1 FY24, Way2VAT Founder & CEO, Amos Simantov, said:

"Our performance over the first quarter continues the momentum we've built over the past financial year as we start to scale, and I'm pleased to report our quarterly revenue of \$680K has increased 32% from the same period last year. Due to seasonality, our first quarter revenue is traditionally less than other quarters given the annual expense claim deadlines of either 30 June or 30 September imposed by most EU tax authorities, and the fact that many companies have their financial year-ends with 30 June or 31 December, leading to an influx of claims at these times. Our incremental increase in Q1 revenue over the past three years is an excellent indicator of our growth trajectory as we progress our pathway to profitability."

“With \$5.5 million (before costs) of recently secured funds through the ongoing support of existing and new shareholders, we are well placed to continue to grow in Europe where we are firmly established as the leading provider of automated VAT/GST claim and return solutions, and expand to new territories around the world. The funds we have received are a strong endorsement of our growth strategy and will allow us to continue scaling our business and accelerating our profitability initiatives.

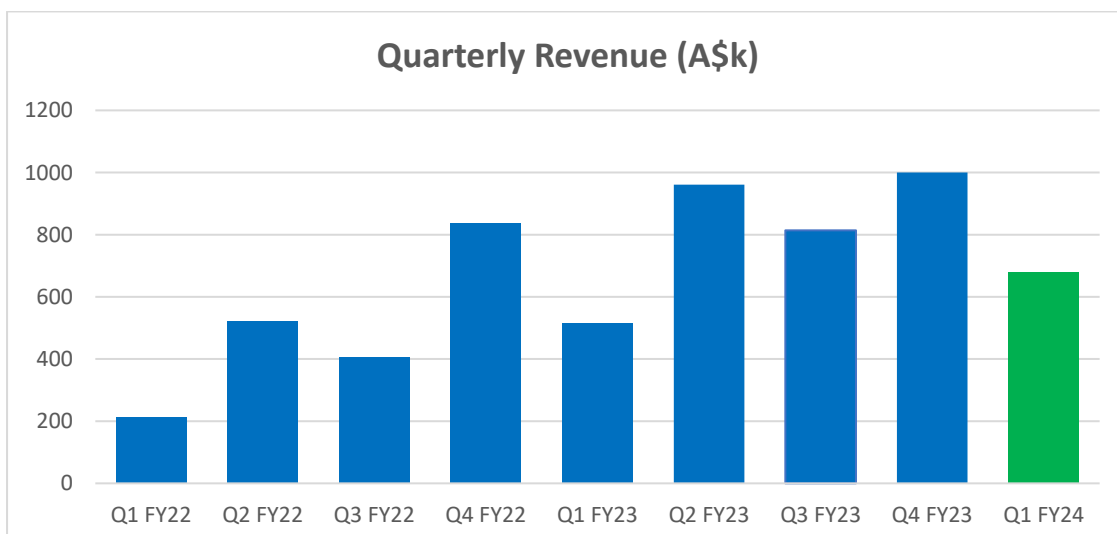
“Supporting our expansion efforts is our latest AI-driven automated product AI-AP Compliance. Our latest technology performs a full audit of all accounts payable invoices for clients and paves the way for Way2VAT to enter 40 additional countries in addition to the 40 we currently can operate in. We are receiving positive feedback to our current pilot with two existing clients and expect to launch it to the current client base and new multinational enterprise company prospects by the third quarter.

“Australia became our newest enterprise market during the quarter. Our technology will help a local multinational industrial company more efficiently manage expenses for its 6,000 staff in 15 countries across the recovery of their VAT/GST claims on invoices for everything from accommodation, transport, travel, fuel and employee expenses.

“We continued to grow our enterprise customer base, which now numbers about 365, welcoming Swiss multinational SGS, Spanish pharmaceutical company Hipra, and Israel-based CyberArk among others.”

Financial highlights

Revenue for the quarter was \$680K, up 32% on pcp (\$514k in Q1 FY23), reflecting the increasing scale of the business over the last two years. While Q1 is traditionally quieter than Q4 due to the seasonality of our revenue, the 32% increase shows the Company has sustained growth year-on-year. This is further illustrated by annualised revenue, which has over the past four quarters increased to \$3.5 million.



Transaction volume for the quarter was \$4.1M, up 84% on pcp (\$2.23 million in Q1 FY23). Quarterly cash receipts of \$934k were up 83% on pcp (\$510k in Q1 FY23). Accounts receivable on client VAT

claims already submitted to tax authorities are now at \$3.3 million. While all metrics are trending up, our cash receipts continue to be difficult to forecast while we await processing of VAT submissions from some large customers with tax authorities in certain jurisdictions. We expect an increase in cash receipts in coming quarters as these larger VAT submissions are processed.

During the quarter, Way2VAT secured \$5.5 million (before costs). A \$4.25 million Placement in two tranches at \$0.022 cents per share was strongly supported by new and existing institutional, professional and sophisticated investors. Every three shares issued under the Placement includes two free attaching options, exercisable at \$0.033 and expiring on 28 February 2026.

An additional \$1.1 million in Convertible Notes was supported by cornerstone investor Thorney Investment Group during the period. The 22 Notes each had a face value of \$50,000 and have been converted to equity during April.

In April outside the reporting period the Company secured another \$177,500 (before costs) via a Share Purchase Plan conducted on the same terms as the Placement.

Proceeds from the Convertible Notes, Tranche 1 of the Placement, the majority of Tranche 2 placement proceeds and the Share Purchase Plan have all settled at the time of this report, while the remaining proceeds from Tranche 2 of the Placement will be received during Q2 FY24.

All proceeds raised will be used to increase the Company's focus on sales and marketing, facilitate inorganic growth, support rollout of Way2VAT's latest AI-powered product AI-AP Compliance, and for working capital purposes.

Quarterly operating cash expenses increased on the prior quarter as the company expanded pilot programs with the AI-driven automation auditing product, AI-AP Compliance and increased the sales force in the UK for more focused marketing into European jurisdictions.

The Company paid back loans of \$418k during the reporting period to reduce its financing facility to \$1.7 million.

During the quarter, \$143k in payments were made to related parties and their associates, being wages for the CEO (including superannuation equivalent), Chairman and Non-Executive Directors.

Launch of world's first AI-driven automated auditing product, 'AI-AP Compliance'

In February the Company launched a new AI-driven automated accounts payable auditing product, AI-AP Compliance, to complement Way2VAT's existing suite of AI-powered VAT/GST claim and return solutions.

The company is currently conducting pilots with two top-ten clients across several jurisdictions, the largest of which is being undertaken with a Nasdaq-listed telecom provider with a global footprint. Feedback received so far is positive. The Company expects to commercially launch the product with current customers in Q3 FY24 and is confident this product will also drive new enterprise client growth.

Australian enterprise client market entry

In March Way2VAT signed its first Australian enterprise client – a multinational industrial company with 6,000 employees across 15 countries. Way2VAT will integrate with the company’s current expense, invoice and travel management platform, strengthening the ability of the company to recover a substantially higher percentage of VAT/GST across its operations. Our new AI-AP Compliance product is also of interest to this Australian Enterprise client.

Other enterprise clients

During the quarter, Way2VAT signed new deals with large enterprise clients in Europe, taking enterprise client numbers to approximately 365.

Key companies include:

- Swiss multinational SGS, the world's leading testing, inspection and certification company with an annual revenue of \$6 billion and 99,600 employees across 2,600 offices and laboratories worldwide. SGS ranked on Forbes Global 2000 in 2015, 2016, 2017, 2020 and 2021.
- CyberArk, a leading global Cyber Security company based in Israel, with an annual revenue of c\$1bn and 3,000 employees. CyberArk specializes in information security, primarily serving financial services, energy, healthcare and government organisations.
- Hipra, a biotech pharmaceutical company headquartered in Spain focused on animal and human health, with a product base of vaccines and diagnostic services. Hipra have an annual revenue of c£350m and over 2,000 employees.

Outlook

Way2VAT Founder & CEO, Amos Simantov, said:

“Our revenue base is increasing consistently as we expand. This is partly due to a wider base of clients in multiple sectors and jurisdictions using more of the Way2VAT product suite, an increasing trend towards more travel and expense claims as our clients grow their businesses in a post covid environment, and increased one-off transactions as larger clients come on board and have their historical claims processed. This has also made us more resilient to seasonal fluctuations and reduced our concentration risk.

“The recent launch of our new AI-powered compliance product that helps our customers audit and reclaim their VAT/GST obligations in multiple countries will increase the demand for our services from clients as this product fits well with our existing suite and strengthens our value proposition to them. We expect to finish our pilots soon and rollout AI-AP Compliance to our current client base by the start of Q3, before extending it to new multinational enterprise prospects soon after.

“We value our shareholders' continuing support through our recent capital raising activity to speed up recent company initiatives undertaken to advance the pathway to profitability, improve our client onboarding processes, and further grow our business by building a strong pipeline in the UK and Europe for our expanding product suite.

“We will keep managing our cash flow carefully. We have recently paid down debt and will examine other credit line extension options that give us the ability to take advantage of acquisitions or other inorganic growth opportunities that are arising in the sector, where it makes business sense and adds value for shareholders.

“A lot of competitors have old-fashioned technology and manual processes and are finding it hard to recover from the difficult COVID period. I firmly believe the sector is ripe for consolidation, especially in Europe. With our world leading technology, we are in a good position to benefit from this trend.”

Appendix 4C

Please find attached the Company's Appendix 4C.

This announcement was authorised for release to the ASX by the Board of Way2VAT

ENDS

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About Way2VAT

Way2VAT is a global fintech leader in automated VAT/GST claim and return solutions in over in 40 countries and in over 20 languages, serving hundreds of enterprise businesses worldwide. Way2VAT owns and operates a patented artificial intelligence technology that powers the world's first fully automated, end-to-end VAT reclaim platform.

Established in 2016, Way2VAT is headquartered in Tel Aviv with offices in the United Kingdom, Spain and Romania and has over 60 employees.

It is used by more than 365 global enterprise companies.

www.way2vat.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

WAY 2 VAT LTD

ABN

637 709 114

Quarter ended ("current quarter")

31 March 2024

| Consolidated statement of cash flows | | Current quarter A\$'000 | Year to date (3 months) A\$'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts collected from clients | 934 | 934 |
| 1.2 | Payments for: | | |
| | research and development | (132) | (132) |
| | product manufacturing and operating costs | - | - |
| | advertising and marketing | (72) | (72) |
| | leased assets | (88) | (88) |
| | staff costs | (1,409) | (1,409) |
| | Professional services, administration and corporate costs | (824) | (824) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest received | - | - |
| 1.5 | Interest and other costs of finance paid | (53) | (53) |
| 1.6 | Income taxes (paid)/ received | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Net client receipts from tax authorities not yet repaid | 592 | 592 |
| 1.9 | Other | 47 | 47 |
| 1.10 | Net cash used in operating activities | (1,005) | (1,005) |

| | | | |
|-----------|---|---|---|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | entities | - | - |
| | businesses | - | - |
| | property, plant and equipment | - | - |

| Consolidated statement of cash flows | | Current quarter A\$'000 | Year to date (3 months) A\$'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| | investments | - | - |
| | intellectual property | - | - |
| | other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | entities | - | - |
| | businesses | - | - |
| | property, plant and equipment | - | - |
| | investments | - | - |
| | intellectual property | - | - |
| | other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received | - | - |
| 2.5 | Other | - | - |
| 2.6 | Net cash used in investing activities | - | - |

| | | | |
|-------------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issuance of ordinary shares (excluding convertible debt securities) | 1,966 | 1,966 |
| 3.2 | Proceeds from convertible debt securities | 1,051 | 1,051 |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issuance of ordinary shares and/or convertible debt securities | - | - |
| 3.5 | Proceeds from loans | - | - |
| 3.6 | Repayment of loans | (418) | (418) |
| 3.7 | Transaction costs related to loans | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other | (284) | (284) |
| 3.10 | Net cash provided by financing activities | 2,315 | 2,315 |

| Consolidated statement of cash flows | | Current quarter A\$'000 | Year to date (3 months) A\$'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 711 | 711 |
| 4.2 | Net cash used in operating activities (item 1.10 above) | (1,005) | (1,005) |
| 4.3 | Net cash used in investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash provided by financing activities (item 3.10 above) | 2,315 | 2,315 |
| 4.5 | Effect of exchange rate changes on cash and cash equivalents | 17 | 17 |
| 4.6 | Cash and cash equivalents at end of period | 2,038 | 2,038 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | | Current quarter A\$'000 | Previous quarter A\$'000 |
|--|--|----------------------------|-----------------------------|
| 5.1 | Bank balances | 2,038 | 388 |
| 5.2 | Call deposits | - | 323 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 2,038 | 711 |

| 6. Payments to related parties of the entity and their associates | | Current quarter A\$'000 |
|---|---|----------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | (143) |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

| | | | |
|-----|--|--|---|
| 7. | Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end A\$'000 | Amount drawn at quarter end A\$'000 |
| 7.1 | Loan facilities | 1,691 | 1,691 |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | - | - |
| 7.4 | Total financing facilities | 1,691 | 1,691 |
| 7.5 | Unused financing facilities available at quarter end | | - |
| 7.6 | Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| | <p><u>Total facility and drawn amounts at quarter end (31 March 2024) contains the following:</u></p> <p>A\$1,106 thousand secured loan (principle) based on a percentage of the company's receivables from tax authorities, payable on 30 August 2024 with interest set at Israeli Prime Rate + 4.5% (10.50%).</p> <p>A\$585 thousand secured loan (principle) based on a percentage of the company's receivables from tax authorities, payable via 17 evenly monthly instalments commencing 30 April 2024 through 31 August 2025, with interest set at Israeli Prime Rate + 5.8% (11.80%).</p> | | |

| | | |
|-----|--|----------------|
| 8. | Estimated cash available for future operating activities | A\$'000 |
| 8.1 | Net cash used in operating activities (item 1.10) including refund collected for clients. | (1,005) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 2,038 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 2,038 |
| 8.5 | Estimated quarters of funding available (item 8.4 divided by item 8.1) | 2.03 |
| | <i>Note: if the entity has reported positive net operating cash flows in item 1.10, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i> | |
| 8.6 | If item 8.5 is less than 2 quarters, please provide answers to the following questions | |
| | 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? | |
| | N/A | |
| | 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? | |
| | N/A | |

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?

N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.
29 April 2024

Date:

By the Board of Directors

Authorised by:

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.