

## ASX release

23 July 2024

### Way2VAT achieves quarterly revenue record and prepares to accelerate growth in multiple markets through expanded product suite

#### Q2 FY24 Quarterly Activities Report and Appendix 4C

#### Q2 FY24 Highlights (all figures A\$ unless otherwise stated and unaudited)

- Revenue of \$1.1 million up 13% on pcp (\$961k in Q2 FY23) and an increase of 62% on previous quarter (\$680k in Q1 FY24)
- Cash receipts of \$927k up 36% on pcp (\$683k in Q2 FY23)
- Accounts receivable on client VAT claims already submitted to tax authorities \$3.3 million
- Clients include a NASDAQ-listed telecom provider with a global footprint moving from pilot to commercial use of APAI Compliance
- New clients include one of the world's largest recruitment companies based in the Netherlands, Ranstad, live-entertainment tech platform Fever, and global infrastructure conglomerate Acciona
- Enterprise clients now number 375
- Expanded business development and sales team to support next phase of growth.

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 30 June 2024 (Q2 FY24), alongside the Company's Appendix 4C.

**Commenting on the Company's achievements over Q2 FY24, Way2VAT Founder & CEO, Amos Simantov, said:**

*"Our growth momentum continues, and I'm pleased to report a record quarterly revenue of \$1.1 million, an increase of 13% from the same period last year and a considerable increase of 62% from Q1 this year, as we see the ongoing benefits from integrating our acquisitions and continued client growth. We expect this to continue next quarter as we process multiple years of invoices in initial batches from our newly signed multinational clients. Our growth is driven by our unique IP protected AI technology which addresses a global market of unclaimed VAT/GST valued at US\$20 billion per year.*

*"During the quarter we successfully completed the pilot of our latest APAI Compliance product with two key clients, including a NASDAQ-listed telecom provider with a global footprint, and I'm pleased to report both clients are now formally integrating this product within their systems. APAI Compliance has delivered 90% success rate on test invoices paving the way for a full commercial roll out with first revenues during Q3 for existing and new enterprise multinational clients.*

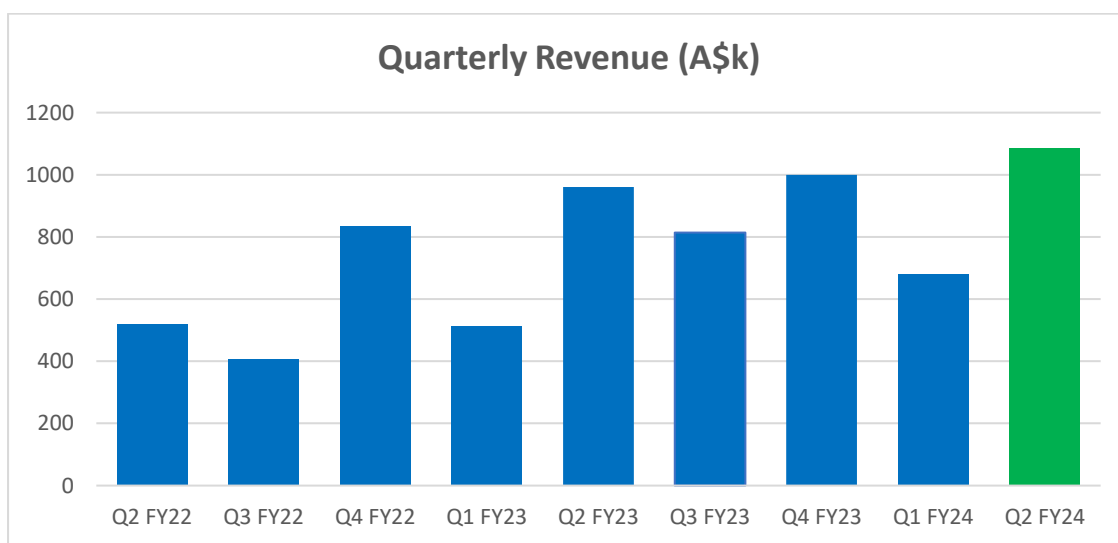
*“We are seeing considerable appetite for this service as existing and new clients start to understand how APAI Compliance reduces risk and liability by ensuring companies are compliant with invoicing regulations across different jurisdictions. We have a strong pipeline of new opportunities for APAI Compliance, and we will be adding new clients for this product over the next half year.*

*“We welcomed new clients during the quarter, including Ranstad, one of the world’s largest recruitment companies, offering Way2VAT’s VAT/GST claim and returns solution to over 40,000 employees in more than 4,500 offices. Our pipeline remains strong with 26 potential deals with clients in several industries across Europe, with at least 80% conversion probability and potentially up to total revenue or annual contract value of ~\$3.5 million.*

*“To continue our current growth trajectory, we expanded our business development and sales team, bringing on board a top VAT specialist for the compliance team in London with more than 25 years’ experience, strengthened our sales office in London, and appointed new senior sales representative in Spain.”*

### Financial highlights

Revenue for the quarter was \$1.1 million up 13% on pcp (\$961k in Q2 FY23) and an increase of 62% on previous quarter (\$680k in Q1 FY24), reflecting the increasing scale of the business over the last two years.



Quarterly cash receipts of \$927k were up 36% on pcp (\$683k in Q2 FY23). We are now starting to see an increase in cash receipts which we expect to continue over coming quarters as tax authorities process a backlog of larger VAT submissions previously submitted. Accounts receivable on client VAT claims already submitted to tax authorities remains steady at \$3.3 million.

The Company paid back a further \$93k in loans during the reporting period to reduce its financing facility to \$1.54 million. During the quarter, \$133k in payments were made to related parties and their associates, being wages for the CEO (including superannuation equivalent), Chairman and Non-Executive Directors.

### **Completion of APAI Compliance pilot**

During the quarter Way2VAT successfully completed a pilot of its latest AI-driven automated accounts payable auditing product, APAI Compliance, with two top-ten clients across several jurisdictions. APAI Compliance has received 90% success rate on test invoices. The two clients are now formally integrating APAI into their systems and the Company will commercially launch this product with current clients in Q3 and expects first revenues immediately.

### **Other enterprise clients**

During the quarter, Way2VAT signed new deals with large enterprise clients in Europe, taking enterprise client numbers to approximately 375. The Company also expanded existing agreements with large enterprise companies some of which include Ariston Thermo Spa and global software company Nutanix.

Key new clients include

- Randstad, one of the largest recruitment companies in the world based in the Netherlands with 40,000 employees and 4,500 offices
- Fever, an entertainment technology platform with 2,000 employees and annual revenue of £1billion
- Acciona, S.A., a Spanish multinational conglomerate developing infrastructure (construction, water, industrial and services) and renewable energy projects with over 40,000 employees.

### **Outlook**

Way2VAT Founder & CEO, Amos Simantov, said:

*“We will continue to build on strong momentum over coming months, meeting unmet market needs with new AI compliance technology by expanding our product suite and evaluating opportunities for growth in Europe and beyond. One area of focus over the second half of this financial year will be targeting existing clients for APAI Compliance while converting our strong pipeline in the UK and Europe into sales.”*

### **Other matters**

The Company refers to its ASX announcement dated 18 June 2024 in respect to the Tranche 2 Placement and advises it has entered into a deed of settlement (Settlement Deed) with BMYG Capital Pty Ltd (BMYG) in respect to its allocation amount of \$500,000 under the Tranche 2 Placement (Allocation Amount). Under the terms of the Settlement Deed, BMYG will pay the Allocation Amount to the Company in tranches in the coming months. Payment of the first tranche, being \$150,000, was received by the Company on July 19th and the Company has issued the shares in respect to that tranche.

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 80 employees.

It is used by more than 375 global enterprise companies.

[www.way2vat.com](http://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")

30 June, 2024

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (6 months) A\$'000
1.	Cash flows from operating activities		
1.1	Receipts collected from clients	927	1,861
1.2	Payments for:		
	research and development	(114)	(246)
	product manufacturing and operating costs	-	-
	advertising and marketing	(51)	(123)
	leased assets	(57)	(145)
	staff costs	(1,466)	(2,875)
	Professional services, administration and corporate costs	(564)	(1,388)
1.3	Dividends received	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(47)	(100)
1.6	Income taxes (paid)/ received	(3)	(3)
1.7	Government grants and tax incentives	-	-
1.8	Net client receipts from tax authorities not yet repaid	946	1,538
1.9	Other	2	49
<b>1.10</b>	<b>Net cash used in operating activities</b>	<b>(427)</b>	<b>(1,432)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
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 (6 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	-	-
<b>2.6</b>	<b>Net cash used in investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issuance of ordinary shares (excluding convertible debt securities)	1,273	3,239
3.2	Proceeds from convertible debt securities	-	1,051
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issuance of ordinary shares and/or convertible debt securities	(18)	(18)
3.5	Proceeds from loans	-	-
3.6	Repayment of loans	(93)	(511)
3.7	Transaction costs related to loans	-	-
3.8	Dividends paid	-	-
3.9	Other	-	(284)
<b>3.10</b>	<b>Net cash provided by financing activities</b>	<b>1,162</b>	<b>3,477</b>

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (6 months) A\$'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,038	711
4.2	Net cash used in operating activities (item 1.10 above)	(427)	(1,432)
4.3	Net cash used in investing activities (item 2.6 above)	-	-
4.4	Net cash provided by financing activities (item 3.10 above)	1,162	3,477
4.5	Effect of exchange rate changes on cash and cash equivalents	(27)	(10)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,746</b>	<b>2,746</b>

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	1,089	2,038
5.2	Call deposits	1,657	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,746</b>	<b>2,038</b>

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	(133)
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.	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end</b> A\$'000	<b>Amount drawn at quarter end</b> A\$'000
7.1	Loan facilities	1,547	1,547
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>1,547</b>	<b>1,547</b>
7.5	<b>Unused financing facilities available at quarter end</b>		-
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 (30 June 2024) contains the following:</u></p> <p>\$1,072 thousand secured loan based on a percentage of the company's receivables from tax authorities, payable on 30 August 2024 (the company expects to be able to extend the current due date) with interest set at Israeli Prime Rate + 4.5% (10.50%) and such interest is paid on a monthly basis.</p> <p>\$475 thousand secured (remaining) loan 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.	<b>Estimated cash available for future operating activities</b>	<b>A\$'000</b>
8.1	Net cash used in operating activities (item 1.10) including refund collected for clients.	(427)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,746
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	<b>Total available funding (item 8.2 + item 8.3)</b>	<b>2,746</b>
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>6.43</b>
	<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.

23 July 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.