



ASX Announcement
2 February 2022

Way2VAT Quarterly Activities Report and Appendix 4C (Revised)

Global fintech leader in automated VAT claim and return solutions, Way2VAT Ltd (**ASX:W2V**, **Way2VAT** or the **Company**) released its Quarterly Activities Report and Appendix 4C on Monday 31 January 2022.

In accordance with Listing Rule 4.7C, the Quarterly Activities Report has been updated to reference a description of the payments to related parties and expenditure incurred on the Company's business activities for the quarter. The Appendix 4C has been updated to reference a description of the financing facilities. There were no other changes.

This announcement was authorised for release to the ASX by the Founder and CEO 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. 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, the United States, Russia and Romania and has over 50 employees.

Used by more than 180 enterprise companies including Amdocs, EY Israel, MasterCard, eToro, Kimberly-Clark, Hitachi ABB, Mobileye Intel, RB, Willis Towers, Siemens-Israel, Daily Mail Group, Sage, Falck, Boston Red Sox, and Foot Locker Europe with customer retention over 97 per cent.

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Way2VAT delivers record quarter, more than doubling transaction volume and adding significant new partnerships and contracts in key markets

Q4 FY21 Highlights (all figures A\$ unless otherwise stated)

- Transaction volume of \$4.8 million up 145% on prior corresponding quarter (pcp) (\$1.9million)
- Transaction volume for the 12 months ended 31 December 2021 up 87% to \$13.57 million (pcp: \$7.24 million)
- Grew number of SMB clients by 75% from 400 to 700 during the quarter, through indirect sales with key new and existing partnerships through Xero, Sage, Zoho, WebExpense and Allocate
- Signed ten new multinational enterprise customers including Endeavour Group Holdings, Bang & Olufsen and, post-quarter end, Playmobile across a broad range of industries, growing the enterprise client base to 200
- Cash balance of \$4.3 million as at 31 December 2021.

Global fintech leader in automated VAT claim and return solutions, Way2VAT Ltd (**ASX:W2V**, **Way2VAT** or the **Company**), is pleased to provide an update on its activities for the quarter ended 31 December 2021 (Q4 FY21), alongside the Company's Appendix 4C.

Commenting on the Company's achievements over Q4 FY21, Way2VAT Founder & CEO, Amos Simantov, said:

"This quarter showed the ability for the Way2VAT platform to scale exponentially with transaction volumes reaching \$4.8 million, more than doubling the same period last year. These results are particularly impressive occurring in a quarter that is traditionally quieter around Christmas. Transaction volumes grew 87% over the 12-month calendar year relative to pcp, reaching A\$13.57 million. This strong growth reflected the rebound in COVID sentiment and more positive market conditions with business, international and domestic travel and foreign Accounts Payable returning to more normal levels of activity.

"Our patented, fully automated, end-to-end, claims and returns solution is proving very popular with enterprise customers as they look to find a more effective way of addressing VAT/GST claims. We signed ten new multinational companies including leaders in their respective sectors such as Endeavour Group Holdings, Bang & Olufsen and Playmobil.

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“We also grew the number of SMB clients accessing the platform through accounting software integrations by 75% as we rolled out key partnerships with providers such as Webexpenses, Zoho, Allocate Software and Yokoy. These partners provide indirect sales channels through large technology partners giving direct, fast access to the W2V platform worldwide.

“We strengthened the unique capability of the Way2VAT platform to provide integrated VAT claim and return solutions in 40 countries and in over 20 languages with two new patent applications and continued to refine the platform to ensure Way2VAT can continue to scale efficiently as we harness the accelerating trend for companies to automate and digitise their tax and compliance related processes.”

Financial highlights

Transaction volume for the quarter increased 145% to \$4.8 million, up from \$1.9 million for the corresponding quarter in 2020.

Transaction volume between January and December 2021 increased 87% to \$13.57 million compared to \$7.24 million for January to December 2020.

During the quarter, \$171k in payments were made to related parties and their associates, being wages for CEO (incl. superannuation equivalent), Chairman, Strategic advisor.

Operational highlights

Enterprise clients

Enterprise client number increased from 190 to 200 during the quarter as Way2VAT targeted multinational companies with offices in multiple countries who are revisiting their current VAT/GST processes to upgrade to more efficient solutions.

As announced on 17 December 2021, one new client is US-based Endeavor Group Holdings (NYSE:EDR) with a market cap of over \$11 billion, which will make use of Way2VAT’s VAT/GST claim and return solution globally. Endeavor Group owns brands such as UFC, WME and IMG, and is implementing Way2VAT’s claim and returns solution through its staff operating in all entities globally across sports, entertainment and fashion, specialising in talent representation and management, brand strategy, activation and licensing, media sales and distribution, and event management.

Europe-headquartered Bang & Olufsen (CPH:BO) became Way2VAT’s broadest multinational client as it rolled out the patented artificial intelligence VAT-reclaim software across the 40 countries it operates in. As announced on 30 November 2021 the deal allows Way2VAT to integrate with Bang & Olufsen’s global expense management system, SAP Concur, which will enable them to fully automate its VAT recovery process.



Post reporting period, as announced on 27 January 2022 Way2VAT entered a new sector signing Playmobil, for the use of Way2VAT's VAT/GST claim and return solution for its European operations. Playmobil is Germany's largest toy manufacturer and one of the top-30 entertainment and toy manufacturers in the world distributing its products to about 100 countries. It had revenue of €676 million in 2019 and is the largest part of the Brandstätter Group.

Platform partnerships

During the quarter the number of for Small and medium sized business (SMBs) accessing Way2VAT capability through accounting software integrations increased 75%, from 400 to 700. These partnerships and integrations enable Way2VAT to strengthen its presence as a leader of automated VAT recovery software for the SMB market.

As announced on 22 December 2021, it signed a partnership agreement with the online expenses management platform, Webexpenses, part of the ELMO Software group (ASX:ELO), to integrate its software into their expense management solutions. Webexpenses provides online expenses management including invoice processing, corporate travel, payment, and auditing to thousands of companies in the UK, North America and Australia. Way2VAT's SMB solution will be integrated into the Webexpenses platform initially for its UK based SMB customers, with the plan to expand to other markets in due course.

Way2VAT signed a partnership with leading international technology and software company, Zoho to integrate with Zoho Expense, an online travel and expense management solution (as announced 6 October 2021). This partnership offers an end-to-end VAT reclaim solution on travel and business expenses for both the domestic and global SMB market. Businesses are using this integration on a subscription basis – a first of its kind in the industry. It is available through Zoho Expense and Zoho Marketplace, and is being initially rolled out to SMBs predominantly in the UK and Europe, followed by other regions.

These come on top of recent agreements with Allocate, Yokoy, Xero and others expanding the Way2VAT ecosystem for SMB customers and increases Way2VAT SMB product availability in Europe, US and Australia. The existing partnership with Sage mentioned above was previously announced in the Quarterly Activity Report dated 29 October 2021. The Company does not consider that these commercial agreements are material however, the agreements do establish key strategic partners for Way2Vat.



Patent applications

During the period Way2VAT submitted two patent applications with the International Patent Office:

- a full patent application for review for "Systems and Methods for Document Image Analysis by Alignment of Document Image Sets to Spreadsheets". This outlines a new method for automatically matching tabular expense report sheets and document image sets, eliminating the need for manual processing; and
- a patent application for Automated Invoice Analysis (AIA) for the full automation of VAT ID. This will allow suppliers to use Way2VAT's platform to identify the unique VAT ID of a supplier, regardless of country, ensuring compliance with multiple jurisdiction VAT regulations.

In addition, at the start of the reporting period, Way2VAT received a Notice of Allowance from the US Patent and Trademark Office for its application for "Systems and Methods for Document Image Analysis with Cardinal Graph Convolutional Networks". The patent will support improvements to the technology for improved efficiency, speed and fraud detection and further advances Way2VAT as a leader in the VAT reclaim market

Product development

As part of our growth strategy to expand the company product line, we are finalising a complementary product for our VAT/GST automated platform based on AIA (W2V Patented technology) AI and computer vision technology. It will increase the potential of VAT reclaim globally and the revenue of the company.

New CFO

On 26 October, the company appointed Ms Smadar Noy as Chief Financial Officer.

Ms Noy brought more than 25 years' experience as a consultant, board member or CFO in the security, defence, and telecommunications sectors to the role. She has also consulted on a broad array of projects and advised a variety of businesses from start-ups to international companies and multinational corporations.

Previously she was a CFO in Karil, a member of the Mistal Group, and representative of American companies in the security market.

She was CFO in Elul Group presenting aerospace and defence businesses, from pre-sale consulting to after-sales services for governments and major international corporations, specialising in complex and large-scale projects.

Q4 FY21 Cashflow commentary

Way2VAT's Operating cash outflows of \$1.8 million included \$1 million of Staff cost.

Use of funds update from the IPO, under Listing Rule 4.7C, is as follows.

Use of Funds as per Prospectus	Estimated expenditure (\$ Thousands)	Actual expenditure (\$ Thousands)	Comment
Sales and Marketing	343	517	New Staff and service providers to support growth
Research and development	198	555	Timing of up front R&D spending to be gradually offset during the next two years through receipt of government grants
Compliance and security	18	49	Additional accounting costs.
Customer fulfilment and support	103	126	New recruits for support and compliance
Patent applications	3	10	New patents submissions
General & Administration	85	262	Professional services; New recruits to finance team
Working capital	45	(177)	Mainly adjustments related to customers
Costs of the Offer	76	409	Including post prospectus submission legal costs related to previous withdrawn IPO (3/2020)
Total	853	1,751	

The above table also reflects the expenditure incurred during the quarter.



Outlook

“Way2Vat’s patented technology has throughout the covid period provided many multinational clients with an automated solution for both their local and foreign VAT/GST account payable claims at the same time. This pivot away from a reliance predominantly on travel-related claims ensures the company is well placed to integrate more deeply into our clients operations and benefit from both revenue streams into the future.”

“While the world addresses COVID we are seeing momentum return to business and recreational travel industries in the EU, North America and most of Asia. COVID has also brought about a new focus on efficiency and automation as businesses aim to optimise essential aspects of their accounts and invoicing procedures while meeting increased audit and compliance processes performed by VAT/GST authorities.

“Way2VAT is ideally placed and will continue with product development to provide added value and complementary services to its growing clients’ base. This new product capability will enhance our services to Enterprise and SMB’s clients with additional compliance and financial capability. In addition, Way2VAT continues to explore its M&A strategy outlined during its IPO phase to acquire complementary companies and technologies to help companies address that growing market need.”

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

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Appendix 4C

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

Name of entity
WAY 2 VAT LTD
ARBN

637 709 114

Quarter ended ("current quarter")

December 31, 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Refunded Collected from clients	243	1,059
1.1.1 Adjustments related to clients	47	1,014
1.2 Payments for		
(a) research and development	(163)	(591)
(b) product manufacturing and operating costs	(9)	(64)
(c) advertising and marketing	(106)	(330)
(d) leased assets	(113)	(402)
(e) staff costs	(992)	(3,981)
(f) administration and corporate costs	(114)	(361)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(3)	(15)
1.6 Income taxes paid	(3)	(106)
1.7 Government grants and tax incentives		517
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,213)	(3,260)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(19)	(89)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 (f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(19)	(89)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		7,000
3.2 Proceeds from issue of convertible debt securities		65
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(409)	(1,173)
3.5 Proceeds from borrowings	30	1,140
3.6 Repayment of borrowings	(51)	(547)
3.7 Transaction costs related to loans and borrowings		(27)
3.8 Dividends paid		
3.9 Other (client's VAT balances and grant related adjustments)	(408)	(1,306)
3.10 Net cash from / (used in) financing activities	(838)	5,152

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	6,422	2,475
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,213)	(3,260)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(19)	(89)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(838)	5,152
4.5	Effect of movement in exchange rates on cash held	(44)	30
4.6	Cash and cash equivalents at end of period	4,308	4,308

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	4,308	6,422
5.2	Call deposits		
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)	4,308	6,422

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	(171)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

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

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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	1,179	(1179)
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	1,179	(1179)
7.5 Unused financing facilities available at quarter end		0
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.		
Secured credit line from Poalim Bank at 6.1% annual interest. Interest payments on a quarterly basis. Maturity date (as of 31/12) was 31/1/22 and extended on 1/22 until 27/4/2022.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,213)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,308
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	4,308
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.55
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, 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?	
Answer:	
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?	
Answer:	
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?	
Answer:	
<i>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.</i>	

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.

2 February 2022

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.