



ASX Announcement
29 July 2022

Way2VAT increases sales across all revenue streams as product suite expanded and rolled out

Quarterly Activities Report and Appendix 4C

Q2 FY22 Highlights (all figures A\$ unless otherwise stated):

- Transaction volume increasing
 - \$5.637 million up 153% on previous quarter (\$2.228 million Q1 FY22)
 - H1 FY22 Transaction volume of \$7.870 million up 8% on prior corresponding period (pcp) (\$7.267 million H1 FY21).
- Grew number of SMB clients by 13% from 750 to 850 during the quarter
- Cash balance of \$2.116 million as at 30 June 2022
- Initiated rollout to first four industry sectors after partnering with Railsbank (now called Railsr) and Mastercard to launch world-first spending card automating VAT/GST returns for SMB and Enterprise market
- Signed new multinational enterprise customers including **TikTok with 1.4B app users globally** for use by 7000 employees in the UK, Europe and Asia Pacific, out of its 27,000 person global workforce, Ariston Group and Artsana Group, taking enterprise customer total to 215 – an increase of 25% in 12 months.
- Increased platforms partners to six after entering a partnership with Circula, DACH region specialist and largest expense management solution provider in Germany
- Raised \$1.090 million via oversubscribed Share Placement
- Approved for \$625,000 funding grant to support research and development and initial marketing and commercialisation of the Smart Spend Debit Mastercard.

Global fintech leader in automated VAT claim and return solutions, Way2VAT Ltd (**ASX:W2V**, **Way2VAT** or the **Company**), provides an update on its activities for the quarter ended 30 June 2022 (Q2 FY22), alongside the Company's Appendix 4C.

Commenting on the Company's achievements over Q2 FY22, Way2VAT Founder & CEO, Amos Simantov, said:

"This quarter has allowed us to showcase the innovation inherent in our patented technology platform with the launch and initial rollout of a world-first new product and solid revenue growth across all segments and markets.



“The Smart Spend Debit Mastercard, which was built to meet customer demand and is the world’s first spend card for the SMB and Enterprise market that fully automates VAT/GST returns from end-to-end, allows us to upsell to our existing SMB and enterprise clients and will drive strong sales in its own right.

“The card will generate additional new annualised income streams for Way2VAT with the company earning revenue through a Software-as-a-Service (SaaS) model consisting of monthly charges to card users, administration licenses and a percentage from each successful VAT/GST refund.

“Our enterprise customer base increased to 215, as we welcomed TikTok, the world’s leading shortform video hosting service with 1.4 billion users, while our SMB clients increased by 13% from 750 to 850 through indirect sales with our existing partners that now include DACH region specialist Circula, as well as Xero, Sage, Zoho, WebExpenses and Allocate.

“Market conditions are improving as both business and personal travel and expense management increases across all markets, but especially Europe and North America. This allows Way2VAT to harness our global leadership in the technology of integrated VAT claim and return solutions through our operations in more than 40 countries and in over 20 languages.”

Financial highlights

Transaction volume for Half year (H1 FY22) increased 8% to \$7.870 million, up from \$7.267 million for the corresponding period (H1 FY21) and increased 153% to \$5.637 million in Q2 FY22 compared to the previous quarter (\$2.228 million in Q1 FY22).

Cash receipts for the quarter were \$194k, down 45% on the previous quarter (\$354k). Receipts of cash are affected by the time lag nature of the business, with a three to six-month typical period for VAT claims to be submitted and approved from relevant tax authorities. The transactional volume increase of 8% on pcp reflects growth in the business which will lead to increased revenue in subsequent quarters.

Way2Vat Raised \$1.09 million via an oversubscribed Share Placement. The upsized Placement received strong support from existing shareholders and several new leading institutional and sophisticated investors.

The Placement Price of A\$0.051 represented a 18.5% discount to the 5-day volume weighted average price of the Shares of A\$0.0626 recorded on ASX prior to 6 June 2022 (the date of the trading halt). The Company issued 21,176,470 Shares under the Placement which utilised the Company's ASX Listing Rule 7.1 capacity. An additional 196,078 Shares under the Placement will be made with shareholder approval, as it relates to the Director’s participation. The Placement was not underwritten.

As a result, the cash balance at 30 June 2022 was \$2.116 million.

In June 2022, the Israeli Innovation Authority (IIA) approved a funding grant of \$625k to support Way2VAT’s research and development and initial marketing and commercialisation of its new Smart Spend Debit Mastercard.



During the quarter, \$210k in payments were made to related parties and their associates, being wages for the CEO (incl. superannuation equivalent), Chairman, Non-Executive Directors and Strategic Advisor.

Operational highlights

Launch and initial rollout of world-first Smart Spend Debit Mastercard automating VAT/GST returns for SMB and Enterprise market

During the quarter Way2VAT partnered with Railsbank (now Railsr) to launch the Smart Spend Debit Mastercard – the world’s first spend card for the SMB and Enterprise market that fully automates VAT/GST returns from end-to-end.

Demand for the card will continue to grow with debit cards being widely used and accepted globally. With around seven in 10 cards issued in Europe carrying a debit function, consumers are utilising the flexibility and ease of debit payment¹. In Europe, the debit card base grew by 42.7 million last year reaching a total of 813.5 million, up 5.5%.

Way2VAT’s Smart Spend card is built to meet client demand for a product of this type, the card allows companies to submit spend receipts and capture invoices through Way2VAT’s proprietary technology platform. The new technology is an end-to-end process from capture of the receipt through to payment that automatically analyses, reconciles, sorts and submits documentation to foreign tax authorities. Employees can simply spend their allocated amounts and the VAT/GST is automatically submitted with all relevant administration completed.

The card is being rolled out to customers in the aviation, security, automotive and technology sectors. These sectors were chosen as they showcase the broad range of capability and different uses that the card will offer.

Enterprise clients

During the quarter, Way2VAT signed new deals with major multinational enterprise clients – taking enterprise client numbers to 215 – a 25% increase in 12 months.

TikTok, the world’s leading shortform video hosting service with 1.4 billion users of their app and 27,000 employees around the world, has become an enterprise client that is finding value in Way2VAT’s VAT/GST claim and return solution – initially for its UK, European and Asia Pacific operations, but with the capability to expand further.

Way2VAT will originate its revenue on each successful VAT and GST reclaim transaction that it processes through its platform. Initially, it will be used by about 7,000 employees out of Europe, UK and the Asia Pacific, with potential to expand to other markets, making it a top-tier multinational Way2VAT client in these markets.



Other notable Enterprise clients signing with Way2VAT for similar services during the quarter included:

- Ariston Group (formerly known as Ariston Thermo Group), headquartered in Fabriano, Italy, and a global leader in energy-efficient thermal products with over 7,700 employees in 42 countries; and
- Artsana Group, headquartered in Lombardy, Italy, global manufacturer and distributor of healthcare and infant care products, with more than 8,000 employees in over 120 countries.

Platform partnerships

In April, Way2VAT increased its key partnerships to six after entering a partnership with Circula, the largest expense management solution provider in Germany, to offer Circula clients use of Way2VAT's automated VAT claim and return solutions product for SMBs through two seamlessly integrated systems.

These partnerships and integrations with platforms such as Circula, Allocate, Elmo, Yokoy, Zoho and Xero enable Way2VAT to strengthen its presence as a leader of automated VAT recovery software for the SMB market.

The new Circula partnership will operate across thousands of organisations throughout Europe, with a particular focus on the DACH region, comprising Germany, Austria and Switzerland.

Like other partners, Circula will proactively offer the Way2VAT platform to clients. Way2VAT will originate its revenue from clients through a one-year contract based on each successful VAT reclaim transaction that it processes through the Way2VAT platform, with the ability to process large numbers of reclaims without substantially increasing the cost of processing.

During the quarter, the number of Small and medium-sized businesses (SMBs) accessing Way2VAT capability through accounting software integrations increased 13%, from 750 to 850.

Raised \$1.09 million in placement to accelerate commercialisation of Smart Spend Debit MasterCard

In June 2022, Way2VAT raised \$1.09 million before costs via a strongly supported share Placement to new leading institutional and sophisticated investors as well as existing shareholders. Under the Placement, Way2VAT issued 21,176,470 ordinary shares at \$0.051 per share. An additional 196,078 shares are to be issued to a Director who participated in the placement subject to Shareholder approval.

Funds raised will mainly be used on Smart Spend Debit MasterCard initiatives that include accelerating growth of the Card in the UK and European market. In addition, the funds will be used for further growth opportunities, and working capital.

Way2VAT is also offering its existing eligible shareholders the opportunity to participate in a Share Purchase Plan (SPP) to raise a further \$500,000 (before costs).



Funding grant to support research and development and initial marketing and commercialisation of the Smart Spend Debit Mastercard

In June 2022, Way2VAT received a funding grant for NIS 1.5 million (approximately A\$625k) to support research & development and initial marketing and commercialisation of the Smart Spend Debit Mastercard.

Provided by the Israeli Innovation Authority (IIA), the grant will reimburse costs incurred by the Company on a quarterly basis during the grant term from March 2022 to February 2023. To date, the first instalment of the grant amounting NIS 525,000 (approximately A\$221k) has been received.

The grant is based on an approved budget plan of NIS 5 million (approximately A\$2.1 million) for research & development and marketing provided by Way2VAT and examined by the IIA for the Smart Spending Debit Mastercard Card. The IIA also allows for Way2VAT to apply for an additional grant in 2023 based on the current approved plan.

The grant is expected to be repaid to the IAA over the next few years from 2024 as a percentage of royalties from future revenues generated by the outputs of Way2VAT's products based on the technology backed by the grant.

Product development

Way2VAT has integrated with Railsr platform BaaS (Bank as a Service) offering Rails Bank CaaS (Card as a Service) solution to support Way2Vat Smart Spending Card users. Way2VAT has implemented several features that provide a new web application for full administration of users, corporate debit cards and expenses, and a new mobile application for cardholders/employees to track and manage their own expenses on the go.

The company continues to refine its infrastructure on AWS cloud that will support platform scalability and quick rollout of new features such as:

- Integrating with Railsr BaaS (Bank as a Service) and CaaS (Card as a Service) platform to enable core functionality of online virtual and physical card.
- AI-powered authentication which matches the receipt's image against the transaction data and alerts the user for any possible mismatch;
- redesigned visual themes of the front-end to match specific target markets and personas; and
- back-end development for data handling, business logic, workflows and integration with third party providers.

As part of the gradual expansion of the product suite, Way2VAT is undertaking final product testing of a complementary product for the VAT/GST automated platform based on its patented AIA, AI and computer vision technology.

Patent applications

Liaison continues with the International Patent Office for two recent patent applications: a full patent application for review for 'Systems and Methods for Document Image Analysis by Alignment of Document Image Sets to Spreadsheets'; and a patent application for Automated Invoice Analysis (AIA) for the full automation of VAT ID.

Q2 FY22 Cashflow commentary

Way2VAT's Operating cash outflows of \$1.43million included \$0.9 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	468	New Staff and service providers to support growth
Research and development	198	462	Costs related to finalising commercial version of the new product: Smart Spending Card including third party's platform costs to be gradually offset during the next year through receipt of government grants
Compliance and security	18	76	Additional accounting costs
Customer fulfilment and support	103	112	
Patent applications	3	2	
General & Administration	85	518	Professional services; New recruits to finance team; Timing up front legal, accounting and ASX costs
Working capital	45	(208)	Mainly adjustments related to customers



Costs of the Offer	-	-	
Total	796	1,430	

The above table also reflects the expenditure incurred during the quarter

Outlook

Way2VAT Founder & CEO, Amos Simantov, said, “Market conditions continue to improve in all markets with business, international and domestic travel and foreign Accounts Payable returning to more normal levels of activity.

“We expect momentum to increase across all product lines as we harness the ability of our technology platform to scale through an increased focus on marketing and sales of current products and the introduction of complementary products.

“We will roll out the world’s first debit card with a VAT/GST embedded engine, our new Smart Spend Debit Mastercard, initially across our growing customer base and partner network as it will enable companies to improve their expense management and payment solution while saving costs as well as boosting their bottom line.

“To complement this, we will also expand the product suite with a new product based on our patented AIA (Automated Invoice Analysis) technology that also incorporates the latest in AI and computer vision technology and keep us at the forefront of the accelerating trend as companies look to automate and digitise their tax and compliance-related processes.”

Appendix 4C

Please find **attached** the Company’s Appendix 4C.

WEBINAR DETAILS

An investor webcast will take place at 12:30pm AEST on Thursday 4 August 2022.

Following the briefing, participants will have an opportunity to ask questions via an online facility.

To register please use the following link:

https://us02web.zoom.us/webinar/register/WN_F_SCrFCRR7-Dguw_ecAXCQ

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

ENDS

For more information, please contact:

ASX: W2V

www.way2vat.com



WAY2VAT

Global VAT Refunds

Investors

Adrian Mulcahy

Market Eye

P: +61 438 630 422

E: adrian.mulcahy@marketeye.com.au

Media

Tristan Everett

Market Eye

P: +61 403 789 096

E: tristan.everett@marketeye.com.au

About Way2VAT

Way2VAT is a global fintech leader in automated VAT/GST claim and return solutions in over 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, the United States, France and Romania and has over 50 employees.

Used by more than 200 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.

www.way2vat.com

ASX: W2V

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")

June 30, 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Refunded Collected from clients	194	548
1.1.1 Adjustments related to clients	14	120
1.2 Payments for		
(a) research and development	(99)	(291)
(b) product manufacturing and operating costs	(13)	(22)
(c) advertising and marketing	(183)	(334)
(d) leased assets	(104)	(210)
(e) staff costs	(898)	(2,024)
(f) administration and corporate costs	(346)	(685)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(2)	(5)
1.6 Income taxes paid	14	72
1.7 Government grants and tax incentives	5	98
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,418)	(2,733)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(100)	(181)
(b) businesses		
(c) property, plant and equipment	(9)	(12)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 (f) other non-current assets 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)	(94)	(160)
2.6 Net cash from / (used in) investing activities	(203)	(353)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,090	1,090
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(129)	(129)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings	(18)	(41)
3.8 Dividends paid		
3.9 Other (Cash refunded for clients)		
3.10 Net cash from / (used in) financing activities	943	920

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,674	4,308
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,418)	(2,733)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(203)	(353)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	943	920
4.5	Effect of movement in exchange rates on cash held	121	(27)
4.6	Cash and cash equivalents at end of period	2,116	2,116

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	2,116	2,674
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)	2,116	2,674

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	(210)
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	1,096	(1,096)
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	1,096	(1,096)
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,418)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,116
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	2,116
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.49
<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: No. The company has reduced costs significantly in the second quarter of FY2022 across a number of operating cost areas in the company. The reduction can be seen in section 1.2 above where operating cash costs reduced by \$280k or 14.5% in the second quarter compared to the first quarter of FY2022.	
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: The company has a number of cash generating processes underway. Firstly, the company has a Share Purchase Plan (SPP) ongoing in the market with an option for oversubscriptions. The company also received additional cash funds from overdue client receipts of A\$770K and an Israeli Innovation Authority R&D grant of A\$210K in July 2022. The company will also continue to explore other shareholder fund raising options as needed in H2 FY22.	

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: The company believes it will meet its business goals through the fund raising plans highlighted in 8.6.2 above, continued organic growth of existing and new products, reduced operating costs and potential acquisitions which will contribute to its revenue growth and expanded client base and global presence.

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 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.