

ASX release

30 January 2025

Way2VAT sets record quarterly revenue and increases revenue 43% in full year FY24

Q4 FY24 Quarterly Activities Report and Appendix 4C

Q4 FY24 highlights (all figures A\$ unless otherwise stated and unaudited)

- Full year revenue of \$4.721 million, up 43% on pcp (\$3.3 million FY23).
- Record quarterly revenue of \$1.49 million, up 49% on prior corresponding period (pcp) (Q4 FY23: \$1.04 million).
- Cash receipts of \$758k, up 62% on pcp (\$468k in Q4 FY23) and up 53% on last quarter (\$496k in Q3 FY24).
- Accounts Receivable increased to approximately \$4.5 million, from \$4 million at 30 September 2024.
- Enterprise client numbers increased to 395 clients including the signing of a multinational real estate services company.
- Subsequent to the December 31 quarter end the Company received firm commitments in January 2025 to raise \$1.3 million via the issue of convertible notes to key shareholders (see ASX announcement 13 January 2025).
- As per separate ASX announcement today, 30 January 2025, the Company received firm commitments to raise a further \$1.3 million via the issue of convertible notes to key shareholders.
- Significant reductions in operating expenses of approximately 20% on an annual run rate basis have been implemented as of December 2024. The full impact of these cost reductions will be reflected in Q1 2025.

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 31 December 2024 (Q4 FY24), alongside the Company's Appendix 4C.

Commenting on the Company's achievements in Q4 FY24, Way2VAT Founder & CEO, Amos Simantov, said:

"Way2VAT experienced growth in quarterly revenue to a record \$1.49 million. Full year FY24 Revenue increased by 43% on FY23. 2024 saw us grow some of our existing client relationships significantly and also add a number of larger new clients particularly in the second half of the year. We are encouraged by the volume of data we are receiving from these new clients now fully operational on our platform and have a backlog of work in progress from these clients to generate reclaim submissions for them in the current quarter."

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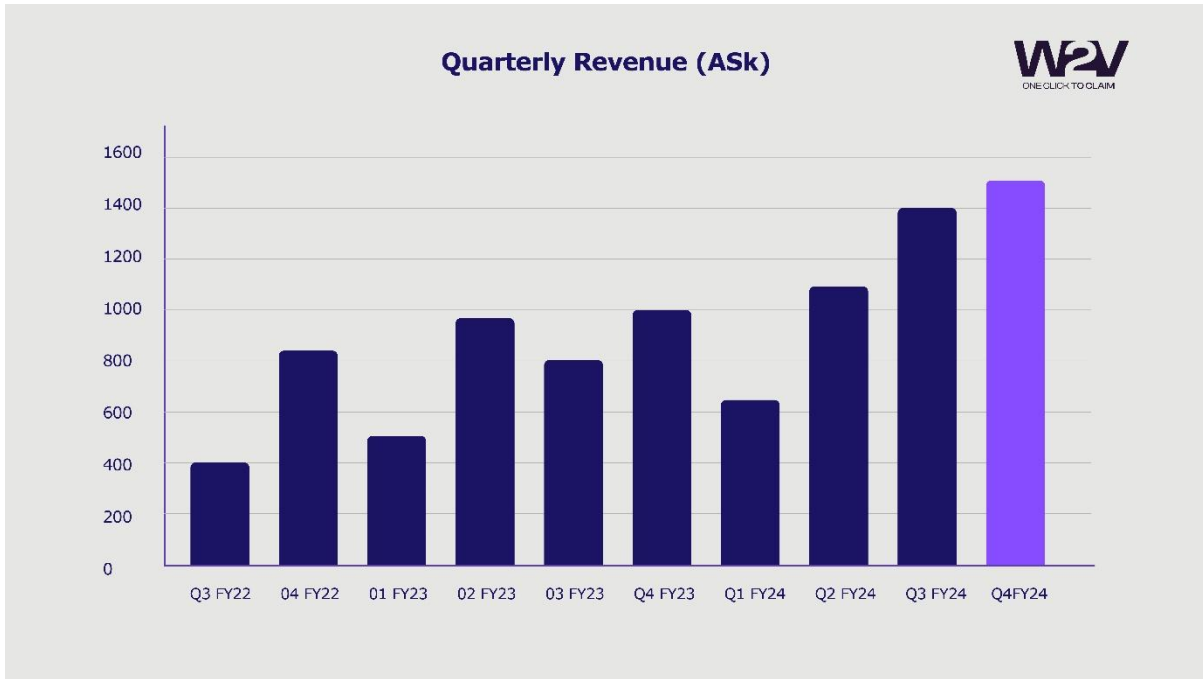
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“We continued to win business during Q4 FY24 adding additional enterprise clients both in Spain where our subsidiary DevoluVA has been performing very well and throughout Europe where our London sales team have won important contracts. In many cases these contract wins have been under competitive tender situations where the client has chosen Way2VAT due to its superior technology platform and ability to provide better economic returns with regards to their VAT reclaims.

“This last quarter of 2024 also saw the team conducting additional pilot programs with the APAI Compliance product, creating tailored solutions for Way2VAT’s top enterprise clients. Of note was the recent signing of a contract with a multinational commercial real estate service company where the contract will not only cover our standard VAT reclaim services but also our new APAI Compliance product.”

Financial highlights

The increase in revenue to \$1.49 million over Q4 FY24, up from \$1.04 million in the pcp, was driven by growth in new clients and cross-selling services into existing clients, particularly large enterprise customers across multiple entities.



*The FY24 revenue numbers in the Quarterly Revenue table above are unaudited.

December quarter revenue was positively impacted by the completion of onboarding key new clients signed during the second half of 2024 who are now fully operational on the platform enabling Way2VAT to process VAT reclaim submissions on their behalf. One example of such new business coming online from contracts signed in the second half of 2024 was with Pact Group, an Australia based provider of specialty packaging solutions, servicing both consumer and industrial sectors and operating globally. VAT/GST reclaim services provided by Way2VAT have assisted Pact Group’s reclaim efficiency and contributed new revenue to Way2VAT’s Q4 results.

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Operational highlights

Growing new and existing enterprise client base

Way2VAT has a total of 395 enterprise clients at the end of Q4 FY24, up from 385 in Q3 FY24.

Key clients added since the last quarterly report include:

A multinational real estate services company. This contract will cover approximately 130 entities in the group predominantly in Europe and the scope of work will cover both VAT reclaim and our APAI compliance product. The contract has been awarded to Way2VAT and is in the final stages of signing.

Bulk Tainer Group, a UK based logistics company with offices around the world, they have instructed us to work on VAT reclaim for their foreign AP (accounts payable) invoices.

Objective Media Group, a US and UK based media production company with film locations in the US, Europe and Australia.

Solarig, a European renewable energy company headquartered in Madrid with operations in Europe, Central and South America, Japan and Australia.

Mahou San Miguel, the leading beer company in Spain with an international presence.

Sungrow, a global leader in renewable energy technology has signed with DevoluIVA for work in the Spanish market.

These clients will generate growing revenue over time but at the time of signing are not expected to be individually material to Way2VAT revenue. The company will monitor progress as we receive the expense data from these clients with regard to materiality revenue thresholds.

APAI Compliance product

Way2VAT continues to conduct pilot programs with a number of its existing and potential clients. A multinational commercial real estate company which has recently signed up to the Way2VAT platform for VAT reclaim services, has also included the APAI compliance product within this contract.

APAI is Way2VAT's patented world-first 'document first' compliance technology. It uses artificial intelligence and machine learning to verify proper submission of accounts payable and domestic VAT/GST expenses to tax authorities on invoices up to four years old. It checks for common mistakes, identifies wrongly submitted expenses and pinpoints errors. APAI is largely targeted towards large multinational companies looking to boost their VAT/GST returns and ensure they are meeting their VAT payment obligations.

Financials

Way2VAT's business performance is skewed to the second half of the year, with many clients operating in tax jurisdictions that have VAT reclaim deadlines at this time of year. The second half of 2024 has been no different with a much stronger second half performance compared to the first half. This second half performance has also benefitted from the onboarding of new clients throughout the year in time for these tax jurisdictions reclaim deadlines.

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Cash receipts from certain tax jurisdictions improved markedly in Q4 versus Q3 as predicted by the company. Record quarterly revenue means that revenue is still running ahead of cash collections from certain Tax authorities. The Accounts Receivables on client VAT claims already submitted to tax authorities has therefore increased to \$4.5 million in response to the strong revenues recorded in the quarter.

Operating expenses remained relatively stable over the first three quarters of 2024, between \$2.3 million and \$2.5 million per quarter and fell to \$2.2 million in Q4 FY24. The company implemented a number of cost saving initiatives that were phased in over Q4 FY24. This includes headcount reductions, salary reductions and other cost saving measures effective from December 2024 onwards, collectively resulting in a 20% decrease in total ongoing operating expenses which will be fully reflected in our expense figures for Q1 FY25. Restructuring costs such as redundancy and termination payments were incurred during Q4 FY24 for this restructure.

Subsequent to the end of December 2024, Way2VAT has received firm commitments to raise A\$1.3m (before costs) via the issue of Convertible Notes (see ASX announcement on 13th January 2025) of which A\$800,000 has been received to date with the balance due before 31st March. The conversion of the notes into fully paid ordinary shares in the company will be subject to the Company obtaining shareholder approval. New shares issued following conversion of the Notes will rank equally with the Company's existing fully paid ordinary shares on issue.

As per a separate ASX announcement today, 30 January 2025, the Company received firm commitments to raise a further A\$1.3m via the issue of convertible notes to key shareholders including the Company's largest shareholder Thorney Investment Group. Each Note will have a face value of A\$50,000 and will be on the same terms and conditions as the convertible notes issued on 14 January 2025 (refer to the ASX announcement dated 13 January 2025).

Subsequent to the end of December 2024, Way2VAT has decreased its debt facility with Bank Hapoalim by \$111,000 as noted in the accompanying Appendix 4C.

The Company also received an amount of \$485,000 during Q4 FY24 being all outstanding deferred payments on its placement from the first half of 2024.

During the quarter, \$144,000 in payments were made to related parties and their associates, being wages for the CEO (including superannuation equivalent), Chairman and Non Executive Director.

Outlook

Way2VAT Founder & CEO Amos Simantov, said:

"Given the amount of new clients onboarded during the second half of 2024 and the relative size of these companies, we have a high degree of confidence in the significant pipeline of VAT reclaim submissions to be processed in coming quarters. We also are very active in tendering for new clients, recent successes have validated our technology and product suite so we look forward to the outcome of a number of these tenders during the coming quarters.

Despite a healthy increase in cash collections from various government tax offices and clients in the December quarter we have redoubled our efforts to improve collections further in coming quarters. Delays in processing of reclaims submissions in two large European countries have affected our collections and the amounts outstanding from these tax offices have grown with our Accounts Receivable balance. These funds will eventually be processed clearing the way for payment and

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Way2VAT is closely monitoring the situation to assist the tax offices in expediting these payments for our clients."

Appendix 4C

Please find attached the Company's Appendix 4C.

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

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For more information, please contact:

Investors

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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 70 employees.

It is used by more than 395 global enterprise companies.

www.way2vat.com

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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

ABN

637 709 114

Quarter ended ("current quarter")

31 December, 2024

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (12 months) A\$'000
1.	Cash flows from operating activities		
1.1	Receipts collected from clients	758	3,115
1.2	Payments for:		
	research and development	(107)	(500)
	product manufacturing and operating costs	-	-
	advertising and marketing	(38)	(216)
	leased assets	(73)	(275)
	staff costs	(1,480)	(5,784)
	Professional services, administration and corporate costs	(497)	(2,603)
1.3	Dividends received	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(64)	(186)
1.6	Income taxes (paid) / received	(3)	(8)
1.7	Government grants and tax incentives	-	-
1.8	Net client receipts from tax authorities (repaid) / not yet repaid	298	1,190
1.9	Other	56	69
1.10	Net cash used in operating activities	(1,150)	(5,198)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	entities	-	-
	businesses	-	-
	property, plant and equipment	(3)	(3)

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (12 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)	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issuance of ordinary shares (excluding convertible debt securities)	485	4,091
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)
3.5	Proceeds from loans	520	520
3.6	Repayment of loans	(136)	(729)
3.7	Transaction costs related to loans	-	-
3.8	Dividends paid	-	-
3.9	Other	-	(284)
3.10	Net cash provided by financing activities	869	4,631

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (12 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	427	711
4.2	Net cash used in operating activities (item 1.10 above)	(1,150)	(5,198)
4.3	Net cash used in investing activities (item 2.6 above)	(3)	(3)
4.4	Net cash provided by financing activities (item 3.10 above)	869	4,631
4.5	Effect of exchange rate changes on cash and cash equivalents	(26)	(24)
4.6	Cash and cash equivalents at end of period	117	117

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	117	427
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)	117	427

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	(144)
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. 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	2,028	2,028
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	2,028	2,028

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.

Total facility and drawn amounts at quarter end (31 December 2024) with Israeli Bank Hapoalim contains the following:

\$1,171 thousand secured loan based on a percentage of the company's receivables from tax authorities, payable on 30 August 2025 with interest set at Israeli Prime Rate + 4.5% (10.50%) and such interest is paid on a monthly basis.

\$304 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%).

\$442 thousand non secured short-term bridge loan, received on 31 October 2024, 50% will be due for repayment on 31 January 2025 and the remainder 50% on 28 February 2025 with interest set at the Israel Prime Rate + 5.8%.

\$111 thousand non secured short-term bridge loan, received on 31 December 2024 with interest set at Israeli Prime Rate + 4.9% (10.90%) and was repaid on 15 January 2025.

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.	(1,151)
8.2	Cash and cash equivalents at quarter end (item 4.6)	117
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	117
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.10

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.

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:

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 along with significant cost savings due to a restructuring of the cost base of the company applied commencing December 2024.

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:

Yes:

- (A) In January 2025, the company has received firm commitments to raise \$1.3 million (before costs) via the issue of convertible notes to certain sophisticated investors and key shareholders (see ASX announcement 13 January 2025). As of the date of this report, the company has received \$800,000 of these funds with the remaining \$500,000 to be received by 31 March 2025.
- (B) As per separate ASX announcement today, 30 January 2025, the Company received firm commitments to raise a further \$1.3 million via the issue of convertible notes to key shareholders.
- (C) The company has a strong track record of raising funds to support the company's growth and is continuing discussions with new and existing shareholders regarding future equity and or debt opportunities to fund the company 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?

Answer:

Yes, please see 8.6.1 and 8.6.2 above

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.

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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.

30 January 2025

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.