

## ASX release

29 August 2024

### Way2VAT boosts revenue through enterprise wins and readies commercial launch of APAI

#### 1H24 Highlights (all figures A\$ unless otherwise stated)

- Reported revenue of \$1.74 million, up 27% on prior corresponding period (pcp) (1H23: \$1.36 million)
- Gross Profit of \$1.3 million up 45% on pcp (1H23: 896k)
- Gross Margin of 75%, up 9 bps on pcp (1H23: 66%)
- Cash balance of \$2.74 million at 30 June 2024 with Accounts Receivable balance of \$3.4 million, VAT reclaims due mostly from various government tax authorities.
  - Cash position bolstered by capital raise activity including Convertible Notes issuance, Share Purchase Plan and a strongly supported Placement.
- Enterprise clients increased 15.4% from 325 to 375 on pcp, including Randstad, Fever, Acciona, SGS, CyberArk, and Hipra.
  - Recently signed on a large multinational NASDAQ-listed technology company
- APAI Compliance tracking well with pilot companies and is set to start its commercial phase
- Entered the enterprise market with an Australia-based multinational company.
- Expanding its sales and marketing initiatives into new and existing markets.

Global fintech leader in automated VAT claim and return solutions, Way2VAT Ltd (**ASX:W2V**, **Way2VAT** or the **Company**), announces its half-year financial results for the six months ended 30 June 2024 (1H24).

Commenting on the Company's achievements in 1H24, Way2VAT Founder & CEO, Amos Simantov, said:

*"Our first half revenue of \$1.74 million increased 27% on the prior period due to the accelerating shift towards automation and streamlining of processes that the Way2VAT platform provides for an increasing number of multinational companies. These companies are finding less time for manual tasks as they grow and scale across more jurisdictions, particularly for finance departments processing accounts payable invoices.*

*"Way2VAT's product suite is helping multinationals automate account payable processes. Our sales and marketing team is seeing strong demand for our leading accounts payable technology from both our new and existing clients. This is reflected in our growing number of enterprise clients.*

*"We are expanding our European presence and have entered the Australian enterprise market, opening new sales channels and opportunities for Way2VAT.*

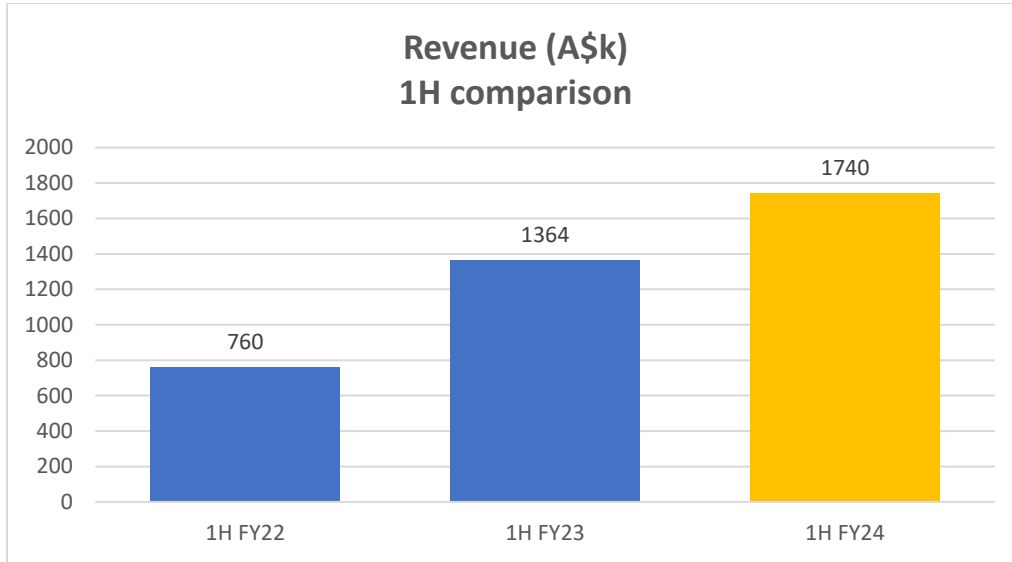


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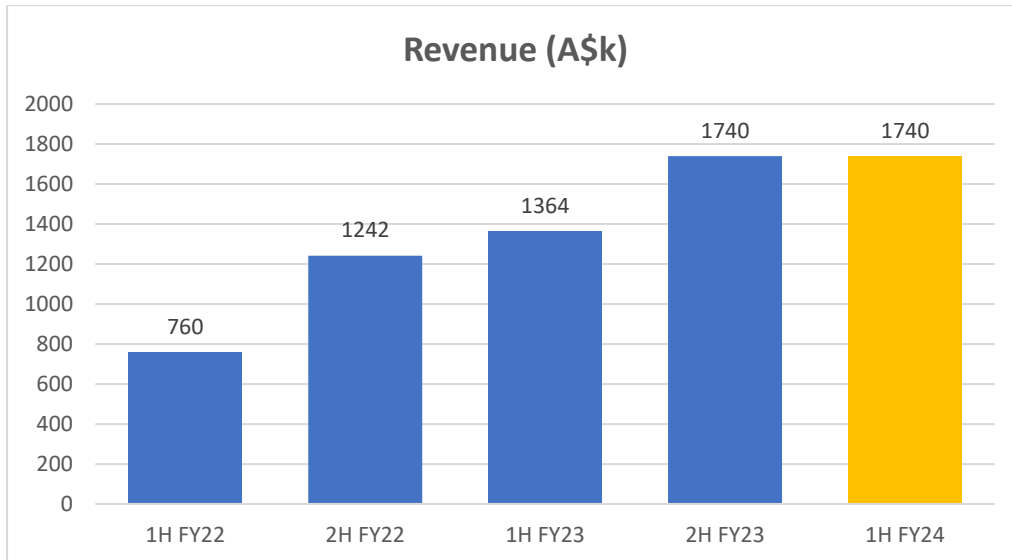
*“The Company is also investing into its sales and marketing initiatives and enhancing its product suite, including the APAI compliance technology which opens a new revenue stream for Way2VAT.”*

### Financial Highlights

Reported revenue increased to \$1.74 million, a 27% increase on the previous corresponding period (pcp) (1H23: \$1.36 million). As shown in the bar chart below, the Company continues to scale with each half-yearly pcp period.



In addition, the business is seasonal and performs better in the second half of each year, due to more tax jurisdictions VAT reclaim deadlines for our clients in the second half of the year.



Accounts receivable on client VAT claims already submitted to tax authorities remains steady at \$3.4 million. Cash receipts are increasing as tax authorities process a backlog of larger VAT submissions previously submitted.

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Way2VAT operating expenses during the half were \$4.68 million, an increase of 22% on pcp (1H23: \$3.84 million). This was partly due to updating the provision and recording of expenses in connection with key research and development government grants, and was therefore a non-cash item.

While marketing cost increases provided for a growing sales team and their initiatives to support the business, there were one-off recruitment costs, and non-cash general and administrative expenses, included in 1H24.

A lower Cost of Goods Sold, despite the higher revenues recorded, led to a 45% increase in Gross Profit to \$1.3 million (1H23: 896k) and a Gross Margin of 75%, speaking well for the Company's ability to scale on higher volumes.

## **Operational Highlights**

### **Growing multinational enterprise clients**

Over 1H24, Way2VAT raised its enterprise client base to 375 from 325 on the pcp. This included major multinational companies with thousands of employees such as Randstad (one of the largest recruitment companies in the world), Fever (an entertainment technology platform), Acciona (a Spanish conglomerate specialising in the development of renewable energy infrastructure), SGS (a testing, inspection and verification company), CyberArk (a global cybersecurity company), and Hipra (a biotech company that focusses on human and animal health).

Way2VAT also recently signed a global VAT reclaim contract with a large multinational NASDAQ-listed technology client with a current market cap over US\$30 billion. While Way2VAT expects this to be a long-term relationship it will initially work with this client to process VAT reclaims relating to older accounts payable and Travel and Expense invoices that need to be processed before various tax jurisdiction cut off deadlines at the end of September and December this year. At this stage, Way2VAT is unable to quantify revenue projections associated with this new client, but these are not expected to be material in the first year as client data is steadily gathered and assessed.

In addition, one of the Company's existing clients, an international water treatment and chemical company, has recently increased the use of the Way2VAT product suite to cover a further 75 additional entities within the company across dozens of countries.

### **APAI Compliance set to launch commercially after pilot phase**

Way2VAT's patented world-first 'document first' compliance technology, APAI Compliance, completed its pilot phase with two of the Company's top ten clients across several jurisdictions, resulting in a 90% success rate on test invoices. APAI is currently undergoing the initial stages of its commercial launch.

APAI 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, 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. APAI creates a new revenue stream for the Company based on fixed pricing per audited invoice.

### **Entering the Australian enterprise market**

The Company signed its first multinational Australia-based industrial client with 6,000 employees across 15 countries, as announced in the Q1 FY24 ASX release on 29 April 2024. Way2VAT is helping



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strengthen the company's ability to recover more of its GST/VAT claims across its operations by integration into its current expense, invoice, and travel management platform.

### **Solid cash position to drive sales and marketing efforts**

Way2VAT's cash balance will help fund its sales and marketing initiatives across its key markets. This will be done through the upsell and cross-sell of the Company's product suite with new and existing clients. The cash position was bolstered by a combination of capital raise activities consisting of Convertible Notes issuance, Share Placements, and a Share Purchase Plan, supported by new and existing institutional investors.

The Company's funding runway is also backed by an extension of the \$1 million bank loan facility for another 12 months from 30 August 2024 with Bank Hapoalim.

### **Outlook**

Way2VAT Founder & CEO, Amos Simantov, said: *"Way2VAT continues to see rising growth in its first half revenues across each successive period. This has been driven by new clients and increased onboarding from the sales and marketing teams' efforts. The growing pipeline of new customers, increasing scope of work from our current client list, and the nearing of peak times for tax cut off dates in many jurisdictions, give Way2VAT a high level of confidence that the second half of FY24 will see accelerating revenue growth."*

*"As our clients continue to grow, they increase travel and operations across different countries. The strong demand for VAT reclaim among new and existing enterprise clients is contributing to improving business conditions generally in our key markets."*

*"Since multinationals are increasing their business activity across different jurisdictions at an increasing rate, we anticipate an uptake of APAI Compliance, as they look to reduce risk, while boosting claims, by complying with increasingly complicated tax regulations."*

*"Our broader product mix with the introduction of our APAI Compliance product, growing client base, expansion of markets and revenue streams, along with prudent cost control, is moving Way2VAT closer towards a cash positive position."*

### **Investor webinar**

The Company will host a webinar, presented by Way2VAT Founder and CEO, Amos Simantov, to discuss the results, and provide a business update and outlook, followed by a Q&A session for investors and analysts on **Thursday, 29 August 2024, at 3:00pm (AEST)**.

To participate please register at:

[https://us02web.zoom.us/webinar/register/WN\\_eJgu-f6tRteRa-EX6oV6cQ](https://us02web.zoom.us/webinar/register/WN_eJgu-f6tRteRa-EX6oV6cQ)

After registering, you will receive a confirmation email containing information about the webinar.

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

**ENDS**

For more information, please contact:

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**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, Spain and Romania and has over 85 employees.

It is used by more than 375 global enterprise companies.

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

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