

ASX Announcement

29 October 2021

Way2VAT delivers milestone quarter, continues momentum with key initiatives

Q3 FY21 Highlights

- Transaction volume for the 9 months ended 30 September 2021 up 65% to A\$8.8 million (PCP: A\$5.3 million)
- Doubled the number of SMB clients via accounting firms from 200 to 400 during the quarter, driving rapid scaling in untapped small-medium business (SMB) market in indirect sales channels through large technology partners such as Xero and Sage
- Signed ten new enterprise customers across a broad range of industries, having grown from 150 to 180 enterprise clients globally in 2021
- Successful ASX listing following over-subscribed \$7 million initial public offering (IPO) with strong support from sophisticated and professional investors, as well as institutional and cornerstone investors
- Cash balance of A\$6.4 million as at 30 September 2021, supports growth initiatives

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 30 September 2021 (Q3 FY21), alongside the Company's Appendix 4C.

Commenting on the Company's achievements over Q3 FY21, Way2VAT Founder & CEO, Amos Simantov, said:

"This was one of the most successful quarters for Way2VAT in terms of transaction volumes and signing up new enterprise and SMB clients. Transaction volumes grew 65% over the first 9 months of this calendar year relative to PCP, reaching A\$8.8 million. The strong growth experienced reflects positive market conditions with business, international and domestic travel and foreign Accounts Payable returning to more normal levels of activity.

"We continued to grow our enterprise customer base signing on ten more major companies, building on our solid base of 180 enterprise customers including EY, Siemens, Mastercard and Footlocker, using our fully automated, end-to-end, claims and returns solution. We also doubled the number of our SMB clients via accounting firm with software integrations from 200 to 400 during the quarter. This provides indirect sales channels through large technology partners such as Xero and Sage in the UK, giving direct, fast access to the W2V platform worldwide.



"I am delighted with the strong support for our oversubscribed IPO and welcome our new investors. The \$7 million raised in the IPO will underpin further strengthening of our product, team and strategy as we execute on the focused growth strategy in place and attractive opportunities we see for Way2VAT globally.

"There is a clear trend for enterprises to automate and digitise their tax and compliance related processes, playing to Way2VAT's key strengths and growing our business development and sales pipeline. By providing integrated VAT claim and return solutions in 40 countries and in over 20 languages, serving hundreds of enterprise businesses worldwide, Way2VAT is playing a leading role in the global shift to digital taxation systems and the streamlining of many of the antiquated systems that still exist for VAT collection."

Financial highlights

Transaction volume between January and September 2021 increased 65% to A\$8.798 million compared to A\$5.312 million for January to September 2020.

Operational highlights

The company recently signed agreements with Yokoy and Allocate. Allocate is a provider of people management and HR software. Way2VAT will integrate with Allocate's e-Expenses management solution *Selenity Expenses* to simplify their VAT recovery solution. Way2VAT entered a new partnership with Yokoy. Yokoy automates spend management for medium and large businesses and will offer its customers use of Way2VAT's platform to recover foreign and local accounts payable.

The number of accounting software integrations increased from 200 to 400 during the period. These partnerships and integrations enable Way2VAT to strengthen its presence as a leader of automated VAT recovery software for the SMB market, and further expands on partnerships with accounting providers Xero and Sage.

Since the end of this reporting period, Way2VAT signed a partnership with leading international technology and software company, Zoho to integrate with Zoho Expense, an online travel and expense management solution. This partnership offers an end-to-end VAT (value-added tax or GST) reclaim solution on travel and business expenses for both the domestic and global SMB market. Businesses using this integration will be offered this solution on a subscription basis, which is the first of its kind in the industry. The integration will be available through Zoho Expense and Zoho Marketplace, and will be initially rolled out to SMBs predominantly in the UK and Europe, followed by other regions.

Additionally, as part of its ongoing sales operation of its Enterprise VAT recovery and compliance solution, Way2VAT has signed ten new enterprise customers across a broad range of industries.

Product development

Way2VAT is the first company to use patented artificial intelligence and deep-learning technology through the entire VAT reclaim process for improved efficiency, speed and fraud detection. Funds raised from the IPO went towards ongoing platform development, with the main activity in:

- auto supplier creation, allowing easier job allocation and onboarding;
- commission and fees automation to auto calculate WAY2VAT fees per invoice and claim, based on customer agreement; and
- claim compliance to manage claim related documents in the post-submission phase for audit.

Patent applications

After the reporting period, Way2VAT has 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" (See ASX announcement 6 October 2021). 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.

Way2VAT has also recently submitted two additional patent applications during the reporting period. The first is a full patent application for review with the International Patent Office 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.

The second is 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.

Q3 FY21 Cashflow commentary

Q3 FY21 was Way2VAT's best quarter in terms of cash receipts from clients at \$459k with Operating cash outflows of \$1.6 million including \$1.095 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 | 402 | New Staff to support growth |
| Research and development | 198 | 610 | To be gradually reduced during the next 2 years incl. thru governmental grants |
| Compliance and security | 18 | 67 | IPO compliance processes |
| Customer fulfilment and support | 103 | 122 | New recruits for support and compliance |
| Patent applications | 3 | 19 | new patents submissions |
| General & Administration | 85 | 356 | Professional services; 2020 (COVID) Lease payments |
| Working capital | 45 | (733) | Increase in Receipts and adjustments related to customers |
| Costs of the Offer | 633 | 557 | Remaining costs to be paid on Q4 |
| Total | 1,429 | 1,402 | |

Outlook

“We are seeing positive sentiment returning to both the business and recreational travel industries, especially in the EU and North America. This change is a positive tailwind for Way2VAT, and will add to system growth in the coming quarters. The increased audit and compliance processes performed by VAT authorities is pressuring companies to use automated VAT recovery and compliance services. Further, COVID-19 has allowed companies to revisit their



WAY2VAT Global VAT Refunds

current operations and make improvements, with Way2VAT ideally placed to meet these growing market needs.”

WEBINAR DETAILS

An investor webcast will take place at 4:30pm AEDT on Monday 1 November 2021.

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

To register please use the following link [W2V Q1 FY2022 Quarterly Update](#).

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

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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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