

ASX release

31 July 2025

Record revenue in Q2 on back of new client activity and increased client penetration

Q2 FY25 Quarterly Activities Report and Appendix 4C

Q2 FY25 highlights (all figures A\$ unless otherwise stated and unaudited)

- Record Quarterly revenue of \$1.65 million, up 50% on prior corresponding period (pcp) (Q2 FY24: \$1.1m) and up 57% on last quarter (\$1.05m in Q1 FY25).
- Cash receipts of \$927k, up 10% on last quarter (\$842k in Q1 FY25).
- Accounts Receivable increased to approximately \$5.3 million, from \$4.6 million at 31 March 2025.
- JLL contract announced to market (see ASX announcement 26 May 2025) and subsequently increases scope to cover 77 entities.
- Increased activity at end of June Quarter with special projects undertaken for existing clients, Solenis Chemical and Tik Tok.
- Enterprise client numbers increased to 414 clients.

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 2025 (Q2 FY25), alongside the Company's Appendix 4C.

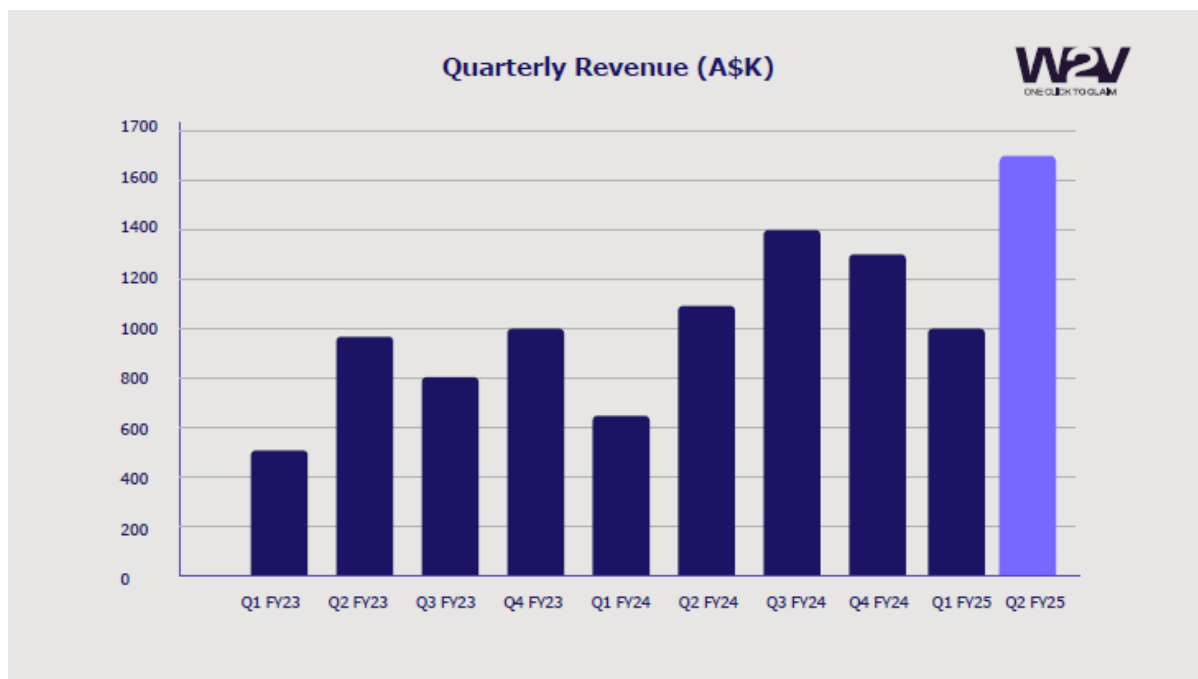
Commenting on the Company's achievements in Q2 FY25, Way2VAT Founder & CEO, Amos Simantov, said:

"It was very pleasing to set a record quarterly revenue number of \$1.65m in the June quarter. Way2VAT continues to grow our client numbers and importantly we are growing together with our existing clients as they expand their business around the world. Larger projects related to June quarter end tax deadlines in certain tax jurisdictions with existing clients such as Solenis and Tik Tok as well as the first business from new client JLL contributed to strong revenue recognition towards the end of the June quarter. We can now look forward to the seasonally stronger second half of the year where many of our clients have significant VAT reclaim business coinciding with various tax jurisdiction deadlines at the end of September and December".

"We continue to work on our "four pillar" growth strategy (see ASX Investor Presentation 26 May 2025) and are encouraged by the interest shown by new and existing clients in our value-added products that go hand in hand with our VAT Reclaim services".

Financial highlights

Way2VAT's revenues continue to grow with Q2 FY25 revenue of \$1.65 million increasing 50% over Q2 FY24 (up from \$1.1m in the pcq).



Operational highlights

Growing new and existing enterprise client base

At the end of Q2 FY25, Way2VAT had 414 enterprise clients, up from 409 in Q1 FY25.

The following material client was added since the last quarterly report (see ASX announcement 26 May).

JLL

JLL is a global real estate and property management company with more than 300 offices in over 80 countries. The contract executed with JLL covers VAT recovery on both local and foreign T&E (Travel & Entertainment) and AP (Accounts Payable) invoices and also enables JLL to utilise Way2VAT's new APAI Compliance platform. Since beginning work with JLL, Way2VAT has received instructions to include additional entities with regards to our VAT reclaim services therefore increasing the scope of work to be done under this contract. The financial impact for Way2VAT revenue will depend on the amounts of VAT reclaim to be processed in these new JLL entities which will be monitored as expense data is received and processed.

Increased activity from existing clients such as Solenis Chemical and Tik Tok during the quarter also boosted revenue for work undertaken ahead of June 30 tax deadlines. In Tik Tok's case Way2VAT successfully processed VAT reclaims for International AP Invoices (Accounts Payable) for various entities throughout Europe and follows on from previous work done specifically for Tik Tok in Spain.

Improving Client penetration amongst Way2VAT's existing larger clients to cover more of their entities around the world and combining both local and International VAT services are both key growth metrics for the company.

Way2VAT Spanish subsidiary DivoluIVA continues to grow its local customer base adding Spanish large-format printing specialist company Grupo Panorama during the quarter. Grupo Panorama is a digital signage hardware and software integrator specializing in content management and results analysis with more than 250 professionals operating throughout Spain.

Two of DivoluIVA's larger clients in Spain for local VAT, Solarig and Fever expanded their business with Way2VAT to recover VAT internationally during the quarter via the Way2VAT platform. This continues the trend of converting local DivoluIVA clients in Spain into international clients on the Way2VAT platform.

Financials

It was pleasing to see Way2VAT's quarterly revenue set a new record of \$1.65m in the second quarter of FY25. June Quarter Operating Expenses (as defined by item 1.2 in appendix 4C) fell further to \$2.13m and is down from its quarterly peak of \$2.52m recorded during FY24. This reduction in operational expenses is a result of the cost cutting initiatives implemented in Q4 FY24, primarily staff costs, professional services, administration and corporate costs coming into effect in H1 2025.

The gap between quarterly recorded revenue (\$1.65m) and quarterly cash operating expenses (2.13m) has narrowed significantly in the 2nd quarter and should narrow further in coming quarters in line with seasonally strong revenue quarters. Way2VAT's client activity is at its most active during Q3, and Q4, where clients face International VAT tax reclaim deadlines in certain tax jurisdictions. These deadlines are 30 September for most European VAT reclaims, and 31 December for VAT reclaims in Asia and the Middle East.

Work completed for clients on local VAT as opposed to international VAT reclaim is generally completed on a more regular basis at month end or quarter end, depending on local regulations. This local VAT service provided by Way2VAT is invoiced direct to the client who uses the Way2VAT platform generated reports for their local VAT filings. The payment cycle for local VAT services is therefore much quicker than International VAT reclaim where Way2VAT must wait to receive the VAT from the tax authorities before passing it onto the clients less the commission owed to Way2VAT. Based on Q2 FY25 work completed, approximately 60% of revenue generated would be described as local VAT services with the remaining 40% characterised as international VAT reclaim.

Cash receipts from certain tax jurisdictions and clients improved once again in Q2 FY25 versus Q1 FY25 however further improvement is required in coming quarters given the large accounts receivable balance and increase in receivables from both German and Italian tax authorities in particular. Way2VAT expects larger cash collections in the coming quarters based on previous experience with these tax authorities and already submitted VAT reclaims that should be processed in the near term. The Company continues to monitor cash flow timing and is working closely with certain tax jurisdictions, particularly the German and Italian authorities to expedite the processing of VAT reclaim submissions. The Accounts Receivable balance increased from \$4.6m to approximately \$5.3 million as at 30 June 2025.

The Company's current financing facilities with its Banker, Bank Hapaolim are detailed in the accompanying Appendix 4C. The Company expects to continue discussions with Bank Hapaolim in coming quarters with respect to potentially increasing its financing facilities.

Way2VAT's revenue growth and subsequent growth in Accounts Receivable has resulted in its drawn down financing facilities as a proportion of the accounts receivable balance declining over the long term. As at June 30 the Company's debt as a percentage of accounts receivable has declined to 33% from its peak of 59% at the end of FY23.

During the quarter, \$129,000 in payments were made to related parties and their associates, including wages for the CEO (including superannuation equivalent), Chairman, and Non-Executive Director.

Outlook

Way2VAT Founder & CEO Amos Simantov, said:

"We have a backlog of work requested by existing clients as well as a large pipeline of new opportunities which we are optimistic about closing during the next two quarters."

"We continue to receive expense data into our platform for processing from newly onboarded clients and some of our existing clients who are using more of our services. This data gives us confidence that it will result in higher volumes of reclaims to process and higher revenues in coming quarters."

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:

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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. It has over 75 employees, and more than 414 global enterprise companies use its platform daily.

www.way2vat.com

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")

30 June 2025

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (6 months) A\$'000
1.	Cash flows from operating activities		
1.1	Receipts collected from clients	927	1,769
1.2	Payments for:		
	research and development	(129)	(222)
	advertising and marketing	(78)	(167)
	leased assets	(137)	(257)
	staff costs	(1,379)	(2,780)
	Professional services, administration and corporate costs	(403)	(966)
1.3	Dividends received	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(75)	(108)
1.6	Income taxes (paid) / received	(4)	(4)
1.7	Government grants and tax incentives	-	-
1.8	Net client receipts from tax authorities (repaid) / not yet repaid	(563)	(538)
1.9	Other	(1)	5
1.10	Net cash used in operating activities	(1,842)	(3,268)¹

¹ This statement has been prepared on an unaudited basis in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (6 months) A\$'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	entities	-	-
	businesses	-	-
	property, plant and equipment	-	(1)
	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	-	(1)

3.	Cash flows from financing activities		
3.1	Proceeds from issuance of ordinary shares (excluding convertible debt securities)	2,000	2,000
3.2	Proceeds from convertible debt securities	-	2,529
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issuance of ordinary shares and/or convertible debt securities	(78)	(78)
3.5	Proceeds from loans	430	586
3.6	Repayment of loans	(133)	(943)
3.7	Transaction costs related to loans	-	(87)
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash provided by financing activities	2,219	4,007

Consolidated statement of cash flows	Current quarter A\$'000	Year to date (6 months) A\$'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	474	117
4.2	Net cash used in operating activities (item 1.10 above)	(1,842)	(3,268)
4.3	Net cash used in investing activities (item 2.6 above)	-	(1)
4.4	Net cash provided by financing activities (item 3.10 above)	2,219	4,007
4.5	Effect of exchange rate changes on cash and cash equivalents	30	26
4.6	Cash and cash equivalents at end of period	881	881

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	881	474
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)	881	474

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	(129)
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.</i> <i>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	1,796	1,796
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,796	1,796
7.5	Unused financing facilities available at quarter end		-
7.6	<p>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.</p> <p><u>Total facility and drawn amounts at quarter end (30 June 2025) with Israeli Bank Hapoalim contains the following (subject to foreign exchange conversion rates):</u></p> <p>1. Secured Loan of \$1,204 Thousand: The Company obtained a secured loan in the amount of \$1,204 thousand, backed by a percentage of its receivables from tax authorities. The loan is scheduled for repayment on 30 August 2025, and bears interest at the Israeli Prime Rate + 4.5% (currently 10.50%), with interest payable monthly. The Company expects to extend the repayment date.</p> <p>2. Unsecured Bridge Loan of \$455 Thousand: On 23 April 2025, the Company received a short-term, unsecured bridge loan totaling \$455 thousand. The original maturity date was 23 July 2025, which has since been extended to 1 October 2025. The loan accrues interest at the Israeli Prime Rate + 4.5% (currently 10.50%), payable on a monthly basis.</p> <p>3. Secured Loan of \$80 Thousand (Remaining Balance): This secured loan, totaling \$80 thousand, is also based on a percentage of the Company's receivables from tax authorities. It is being repaid in 17 equal monthly installments beginning 30 April 2024, and continuing through 31 August 2025. The loan bears interest at the Israeli Prime Rate + 5.8% (currently 11.80%).</p> <p>4. Credit Line Agreement with Bank Hapoalim (\$57 Thousand Loan as of 30 June 2025): On 9 April 2025, the Company entered into a financing arrangement with its existing lender for a credit facility totaling \$720,000. The facility is secured by purchase orders received from existing clients for work to be performed by the Company. Funds under the credit line may be drawn when the Company invoices clients for services performed in connection with such purchase orders. The Company is entitled to draw up to 50% of each invoice amount, subject to an aggregate limit of \$720,000. The facility is available through 31 October 2025, by which date the relevant work is expected to be completed and carries interest at the Israeli Prime Rate + 4.5% (currently 10.50%). On 3 June 2025, the Company drew \$57 thousand under this facility, with repayment due on 3 September 2025.</p>		

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.	(1,842)
8.2	Cash and cash equivalents at quarter end (item 4.6)	881
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	881
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.48

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 a continued decline in operating cash burn over the coming quarters, primarily driven by increased revenues resulting from higher client activity and recent client acquisitions as well as improved cash collections from tax authorities, as outlined in the accompanying Quarterly Activity Report.

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) 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.

(B) The Company entered into a financing arrangement with its existing lender Bank Hapaolim on 9 April 2025 for a credit facility totaling \$720,000. For additional information see the 'Credit Line Agreement with Bank Hapoalim' paragraph within section 7.6 above.

(C) The Company expects to continue discussions with Bank Hapaolim in coming quarters with respect to potentially increasing it's financing facilities.

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.

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.

31 July 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.