

ASX release

Monday, 17 April 2023

Way2VAT to undertake A\$3.544 million Capital Raising

Not for release to US wire services or distribution in the United States

HIGHLIGHTS

- The Company is undertaking a fully underwritten one (1) for one (1) non-renounceable entitlement offer to raise approximately A\$2.35 million (before costs) (**Entitlement Offer**) and has received firm commitments for a A\$1.194 million placement (subject to shareholder approval) (**Placement**) to raise an aggregate of approximately A\$3.544 million (before costs) (together, the **Capital Raising**).
- Proceeds from the Capital Raising will be utilised as working capital to increase focus on sales execution and revenue growth in the Company's key product suites of VAT reclaim for travel expenses and accounts payable. Additional funds will be applied to the commercialisation of the Company's Smart Spend Debit MasterCard.
- Cornerstone investor Thorney Investment Group (**Thorney**) has committed to subscribe for A\$1,000,000 under the Entitlement Offer (via subscription of their entitlements and sub-underwriting the Entitlement Offer).
- Certain directors of Way2Vat (**Directors**) have also committed to take up approximately A\$170,000 of the Entitlement Offer via subscription of their entitlements and sub-underwriting the Entitlement Offer.

Monday, 17 April 2023 – Way 2 VAT Limited (ASX:W2V) (**Way2VAT** or **Company**), a global leader in automated VAT/GST claim and return solutions, is pleased to announce the Company is undertaking a fully underwritten non-renounceable entitlement offer and has received firm commitments from professional and sophisticated investors for a placement (subject to shareholder approval) to raise an aggregate of approximately A\$3.544 million (collectively, the **Capital Raising**).

The Capital Raising comprises:

- the Entitlement Offer, being a one (1) for one (1) pro rata non-renounceable entitlement offer of approximately 235,000,000 new fully paid ordinary shares in Way2VAT (**New Shares**) to raise approximately A\$2.35 million; and
- the Placement, being a placement of 119,400,000 New Shares to raise approximately A\$1.194 million, subject to shareholder approval.

The Entitlement Offer will be fully underwritten.

All New Shares offered under the Capital Raising will be issued at a price of A\$0.01 per New Share. Each New Share issued under the Capital raising will rank equally with existing fully paid ordinary shares in Way2VAT (**Share**) on issue. Way2VAT will, upon issue of the New Shares under the Capital Raising, seek quotation of the New Shares on the Australian Securities Exchange (**ASX**).

Thorney has agreed to subscribe for A\$1,000,000 under the Entitlement Offer, via subscription of its entitlements and sub-underwriting the Entitlement Offer. Thorney's commitment to subscribe for

New Shares under the Entitlement Offer and its sub-underwriting commitment will be setoff against a loan of A\$1,000,000 to be advanced to the Company (refer below for further details).

Messrs Amos Simantov, David Assia and Robert Edgley, all of whom are Directors, have also committed to take up an aggregate of A\$170,000 of the Capital Raising via subscription of their entitlements and/or sub-underwriting of the Entitlement Offer.

Funds from the Capital Raising will be utilised to:

- fund the acceleration of sales execution and revenue growth in the Company's key product suites of VAT reclaim for travel expenses and accounts payable for enterprise and small-to-medium enterprise clients;
- fund the Company's Smart Spend Debit Mastercard initiatives to roll out this product to new and existing customers in the UK and European market;
- support investment in further development and maintenance of the Company's "in market" proprietary AI technologies; and
- fund general working capital.

CEO and Founder, Amos Simantov, said *"The Way2VAT business has, over the last 6 months shown the type of growth that the Company is capable of and the benefits from its superior technology to scale higher volumes of VAT reclaims for our customer base. We continue to add new clients at a healthy rate and I am very grateful for the support from both new and existing shareholders to provide capital that will allow us to execute the Company's strategy and expedite the pathway to profitability."*

Entitlement Offer

Under the Entitlement Offer, eligible shareholders are invited to subscribe for one (1) New Share for every one (1) existing Share held as at 5.00pm (WST) on Thursday, 20 April 2023 (**Record Date**).

The Entitlement Offer will be open from Wednesday, 26 April 2023 to Wednesday, 10 May 2023 (at 5.00pm (WST)) to eligible shareholders who are registered as a holder of Shares on the Record Date and have a registered address in Australia, Israel, New Zealand or Singapore. An offer booklet in respect of the Entitlement Offer is expected to be lodged on ASX on or about Wednesday, 19 April 2023 and mailed to eligible shareholders on or about Wednesday, 26 April 2023.

The right to subscribe for the New Shares under the Entitlement Offer will be non-renounceable (meaning the entitlements to New Shares will not be tradable on ASX and are otherwise able to be sold or transferred).

As part of the Entitlement Offer, eligible shareholders who subscribe for their full entitlement may also apply for additional New Shares in excess of that entitlement at the same issue price of A\$0.01 per New Share (**Top Up Facility**).

The availability of additional New Shares will be limited to the entitlements attributable to eligible shareholders that do not take up their entitlements. In the event it is necessary to scale-back applications for additional New Shares (where there are more applications for additional New Shares than there is shortfall under the Entitlement Offer) then the scale back will be on a pro-rata basis based on each eligible shareholder's entitlement. Any shares not allocated to Eligible Shareholders under the

Top Up Facility will be allotted in accordance with the allocation policy detailed in the offer booklet issued by the Company.

The Entitlement Offer will be fully underwritten by BW Equities Pty Ltd¹ and sub-underwritten by various sub-underwriters (including, an entity associated with Thorney and Directors Messrs Robert Edgley (A\$50,000) and David Assia (A\$30,000)). No Director sub-underwriting the Entitlement Offer will receive a fee. The CEO and Managing Director, Mr Amos Simantov has committed to take up his entitlement rights for the sum of A\$90,000.

BW Equities Pty Ltd will act as lead manager and underwriter to the Entitlement Offer and Placement and provide lead manager services in connection with this engagement. Under the terms of the underwriting agreement BW Equities Pty Ltd will receive an underwriting fee equal to 2% of the priority Entitlement Offer proceeds (being proceeds for up to 117,363,919 New Shares) and 4% of the remaining Entitlement Offer proceeds (the underwriting fee includes fees to all sub-underwriters). BW Equities Pty Ltd will also receive a management fee of 2% of the Entitlement Offer and a lead manager fee of 6% of the total amount raised under the Placement. BW Equities Pty Ltd will also be issued (subject to shareholder approval) 5,000,000 options exercisable at \$0.02 and 5,000,000 options exercisable at \$0.03, each expiring three years from the date of issue. A summary of the key terms of the underwriting agreement relating to the Entitlement Offer is detailed in an annexure to this announcement.

Thomson Geer is acting as legal adviser to Way2VAT for the Capital Raising.

Further details regarding the Entitlement offer will be detailed in an offer booklet which the Company is expecting to lodge with ASX on Wednesday, 19 April 2023. Copies of the offer booklet will be available on the ASX website (www.asx.com.au).

A timetable for the Entitlement Offer is provided below in this announcement.

Placement

The issue of New Shares pursuant to the Placement will be subject to shareholder approval, which if approved, would result in Way2VAT raising approximately A\$1.194 million (before costs). It is currently envisaged that a general meeting of the Company's shareholders to obtain such shareholder approval will be held on or about late May / early June 2023, with the associated notice of meeting to be despatched to shareholders in late April / early May 2023 and settlement of the New Shares to be issued pursuant to the Placement to occur in early June 2023.

Participants in the Placement will receive (subject to shareholder approval) New Shares after the Record Date and, accordingly, will not be eligible to participate in the Entitlement Offer.

Loan

¹ The underwriting is subject to certain termination rights. Details in respect to the conditional underwriting arrangement are provided as an annexure to this announcement.

The Company and Thorney have entered into a loan agreement, pursuant to which Thorney has agreed to advance A\$1,000,000 (**Loan**) to the Company. The Loan will have a term of four months and is non-interest bearing and unsecured.

The parties have agreed that the Loan will be set off against the subscription of Thorney's entitlements under the Entitlement Offer and Thorney's sub-underwriting commitment (being an aggregate amount of A\$1,000,000). If there is insufficient shortfall under the Entitlement Offer to set off the entire Loan amount, the Company has agreed to convene a general meeting to obtain shareholder approval to convert the outstanding Loan amount into Shares at a conversion price A\$0.01 (being the same issue price as the Capital Raising).

Sources & Uses of Funds

Funds raised under the Capital Raising will be utilised as follows:

Uses of funds	A\$
Increased focus on sales execution of core product suite	1,000,000
Accelerate commercialisation of Smart Spend Mastercard	500,000
General Working Capital for the ongoing business	2,044,000
Total Uses	3,544,000

Entitlement Offer Timetable

An indicative timetable of key dates in relation to the Entitlement Offer is detailed below. All dates and times are references to Sydney, Australia unless specified otherwise.

Event	Date
Announcement of the Entitlement Offer (Announcement Date)	Monday, 17 April 2023
Lodgement of Offer Booklet with ASX	Wednesday, 19 April 2023
"Ex" Date (being the date that Shares start trading without Entitlements to participate in Entitlement Offer)	Wednesday, 19 April 2023
Record Date for the Entitlement Offer	7.00pm (Sydney) Thursday, 20 April 2023
Despatch of Offer Booklet and Entitlement and Acceptance Form	Wednesday, 26 April 2023
Entitlement Offer opens	Wednesday, 26 April 2023
Entitlement Offer closes	5.00pm (Sydney) Wednesday, 10 May 2023
Announcement of results under Entitlement Offer	Friday, 12 May 2023
Settlement of Entitlement Offer and Shortfall (Shortfall Notification Date)	Friday, 12 May 2023
Issue and allotment of New Shares under the Entitlement Offer and Shortfall Shares (Allotment Date)	Wednesday, 17 May 2023
Normal trading of New Shares issued under the Entitlement Offer and Shortfall Shares expected to commence on ASX	Thursday, 18 May 2023

Note: The timetable above is indicative only and may be subject to change. Way2VAT reserves the right to amend any or all of these dates and times without notice, subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), the ASX Listing Rules and other applicable laws. In particular, Way2VAT reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Entitlement



WAY2VAT Global VAT Refunds

Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of new shares.

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 leader in automated VAT/GST claim and return solutions in more than 40 countries and 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 2014, Way2VAT is headquartered in Tel Aviv with offices in the United Kingdom, Spain, and Romania and has over 60 employees.

Used by more than 225 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%. www.way2vat.com

Not an offer of securities

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

ASX: W2V

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Summary of Underwriting Agreement for the Capital Raising

Below is a summary of the key terms of the Underwriting Agreement.

Overview	The Entitlement Offer is underwritten pursuant to an underwriting agreement (Underwriting Agreement) entered into between the Company and BW Equities Pty Ltd (ACN 146 642 462) (Underwriter). The Underwriting Agreement is subject to certain terms and conditions which are customary for an underwriting agreement of this type, including conditions precedent, representations and warranties and termination rights.
Fees	<p>In consideration for the services to be provided by the Underwriter, the Company must pay the Underwriter:</p> <p>(a) an underwriting fee equal to:</p> <ul style="list-style-type: none"> (i) 2% of the amount sub-underwritten by the priority sub-underwriting arrangements; and (ii) 4% of the amount that is the proceeds raised under the Entitlement Offer less the amount sub-underwritten by priority sub-underwriters pursuant to priority sub-underwriting arrangements, <p>which includes all sub-underwriting fees and selling fees to third parties; and</p> <p>(b) an issue management fee equal to 2% of the proceeds raised under the Entitlement Offer, which includes all fees payable to third parties in connection with the Entitlement Offer.</p>
Termination Rights	<p>The obligation for the Underwriter to underwrite the Entitlement Offer may also be terminated, in the Underwriter's discretion, prior to the Allotment Date in accordance with the Underwriting Agreement, if one or more of the following events occur:</p> <ul style="list-style-type: none"> (a) (restriction on allotment) the Company is prevented from issuing and allotting all Shares required to be issued and allotted pursuant to the Entitlement Offer and the Underwriting Agreement within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; (b) *(defect) the Company becomes aware of or a circumstance arises that gives rise to: <ul style="list-style-type: none"> (i) a material statement in the offer materials which is a misleading or deceptive statement in a material respect; or (ii) the cleansing notice prepared by the Company for the Entitlement Offer pursuant to section 708AA of the Corporations Act being defective (as that term is defined in section 708AA(11) of the Corporations Act); (c) (delisting or ASX suspension) the Company is removed from the official list of ASX or ASX suspends the Company's Shares from quotation (which for the avoidance of doubt, does not include a trading halt or voluntary suspension in connection with the Entitlement Offer nor the voluntary suspension which applies to the Company as at the date of the Underwriting Agreement, provided that voluntary suspension is lifted within five (5) business days after the commencement of that voluntary suspension)) and that suspension is not lifted within five (5) business days following such suspension; (d) *(market fall) at any time the S&P/ASX Small Ordinaries Index or S&P/ASX 200 Index falls to a level that is 85% or less of the level as at the close of trading on the date of this agreement and closes at or below that 85% level on two (2) consecutive business days prior to the Shortfall Notification Date, or on the business day immediately prior to the Shortfall Notification Date; (e) *(default) there is any other material breach by the Company of its obligations under the Underwriting Agreement;

	<p>(f) *(failure to comply) the Company fails to comply, in a material respect, with its articles, the Corporations Act or any other applicable law or regulation, including any policy, guideline, order or request made or issued by ASIC or any government agency;</p> <p>(g) *(new circumstance) any materially adverse new circumstance arises since the offer materials were issued that would have been required to be included in the offer materials if it had arisen before the offer materials were issued;</p> <p>(h) *(incorrect or untrue representation) any representation, warranty or undertaking given by the Company under the Underwriting Agreement is or becomes untrue or incorrect;</p> <p>(i) *(adverse change) an event occurs which is, or is likely to give rise to:</p> <ul style="list-style-type: none"> (i) an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from those disclosed in the offer materials lodged with ASX on the Announcement Date; or (ii) an adverse change in the nature of the business conducted by the Company's group as disclosed in the offer materials lodged with ASX on the Announcement Date; <p>(j) *(certificate) the Company does not provide a closing certificate as and when required by the Underwriting Agreement or a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect, as at the date it is given;</p> <p>(k) *(hostilities) in respect of Australia, New Zealand, the United Kingdom, the United States of America or Singapore:</p> <ul style="list-style-type: none"> (i) hostilities not presently existing commence; (ii) a major escalation in existing hostilities occurs (whether war is declared or not); (iii) a declaration is made of a national emergency or war (but other than a declaration made in relation to pandemics or other health emergencies, but for the avoidance of doubt does not exclude COVID-19 where it results in a material shut-down of business in any of these jurisdictions); or (iv) a major terrorist act is perpetrated; <p>(l) *(misleading information) any material information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Entitlement Offer or the affairs of the Company is misleading or deceptive or likely to mislead or deceive;</p> <p>(m) *(authorisation) any authorisation which is material to anything referred to in the offer materials is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;</p> <p>(n) (Prescribed Occurrence) a prescribed occurrence occurs;</p> <p>(o) (Event of Insolvency) an event of insolvency occurs in respect of the Company;</p> <p>(p) (Shares to be fully paid) all New Shares issued pursuant to the Entitlement Offer and in accordance with the terms of the Underwriting Agreement do not, from the date of allotment, rank equally in all respects with other fully paid ordinary shares in the Company or if they are not issued free of all encumbrances;</p> <p>(q) (withdrawal of Entitlement Offer) the Company withdraws the Entitlement Offer or indicates that it does not intend to or is unable to proceed with the Entitlement Offer;</p> <p>(r) (change to Company) the Company:</p> <ul style="list-style-type: none"> (i) alters the issued capital of the Company or a member of the Company's group, other than any one or more of the following:
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	<p>(A) the issue of the New Shares;</p> <p>(B) the issue of any excluded Shares;</p> <p>(C) the issue of other securities by the Company as disclosed fully and fairly in the offer materials;</p> <p>(D) an issue of securities pursuant to a non-underwritten dividend or distribution plan or employee incentive scheme (as those terms are defined in the ASX Listing Rules) or otherwise to employees or officers of the Company or as a result of the conversion or exercise of any such securities or otherwise on issue at the date of the Underwriting Agreement;</p> <p>(E) an issue of securities that is necessary to ensure an event of insolvency does not occur in respect of the Company; or</p> <p>(F) the issue of the Shares under the Placement; or</p> <p>(ii) disposes or attempts to dispose of a substantial part of the business or property of the Company's group,</p> <p>without the prior written consent of the Underwriter (not to be unreasonably withheld or delayed);</p> <p>(s) (timetable) an event specified in the timetable up to and including the Allotment Date is delayed by more than three (3) Business Days (other than any delay caused solely by the Underwriter or any delay agreed between the Company and the Underwriter in accordance with the Underwriting Agreement);</p> <p>(t) (change in management) a change in the managing director of the Company occurs, or there is a change in the board of directors of the Company without the prior written consent of the Underwriter (which must not be unreasonably withheld or delayed); and</p> <p>(u) *(legal proceedings and offence by Directors) any of the following occurs:</p> <p>(i) a Director is charged with an indictable offence; or</p> <p>(ii) the commencement or threatening of legal proceedings which has a material adverse effect against the Company or any Director.</p> <p>The right for the Underwriter to terminate the Underwriting Agreement in respect of the events above marked with an * (above) applies only if the Underwriter reasonably believes the event has or is likely to have (or two or more events together have or are likely to have) a material adverse effect on the success of the Entitlement Offer or could result in the Underwriter becoming liable under any law or regulation.</p>
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