

ASX release

29 July 2022

Way2VAT to acquire 100% of key corporate expense management and VAT automatic company DevoluIVA

HIGHLIGHTS

- Way2VAT has signed a binding share sale agreement to acquire 100% of Spanish company DevoluIVA S.L.U., a company that offers comprehensive management of corporate expenses and the automatic recovery of national VAT services through an established network of over 130,000 merchants.
- Initial consideration of €1 million in scrip, being the issue of approximately 11.76 million Way2VAT shares based on a deemed issue price of **A\$0.125 per share**,¹ subject to Way2VAT obtaining shareholder approval.
- The acquisition will enable Way2VAT to enter the Spanish market, offer complementary domestic and foreign VAT and accounts payable services and rollout the world's first Smart Spend Debit Mastercard through an established national network.
- The acquisition is expected to be revenue accretive with DevoluIVA recording unaudited revenues of approximately A\$290K for the quarter ended 30 June 2022. DevoluIVA is expected to contribute positive cash flows to the combined group soon after the acquisition completes. The acquisition also provides the ability to integrate the Way2VAT and DevoluIVA platforms to achieve improved operational and financial scale, efficacy and margins.

29 July 2022 - Way2VAT Ltd (ASX:W2V) (**Way2VATor Company**), a global leader in automated VAT/GST claim and return solutions, has entered into a share sale agreement (**Agreement**) with Voxel Media, S.L (**Voxel**) to acquire 100% of the issued share capital of Spanish company DevoluIVA S.L.U (**DevoluIVA**) (**Acquisition**). Completion of the Acquisition is conditional upon (amongst other matters) Way2VAT obtaining shareholder approval for the issue of shares in respect to the initial consideration for the Acquisition.

DevoluIVA is a key provider to the Spanish market of automated management of corporate expenses and automatic recovery of national VAT services. DevoluIVA's platform offers a fully digital domestic VAT reclaim service through a network of more than 130,000 merchants across Spain.

¹ **Note:** Based on a EUR/AUD exchange rate of 1.47. The actual number to be issued will be based on the average EUR/AUD exchange rate published by the RBA 30 days prior to completion.

Strategic Rationale

The Acquisition is aligned with the Company's long term strategy of growth through various paths, including the acquisition of companies complementary to Way2VAT's business (as detailed in the Company's IPO prospectus in August 2021).

The Acquisition offers the opportunity to integrate the Way2VAT and DevoluIVA platforms to achieve improved operational and financial scale, efficacy and margins. The Acquisition is expected to:

- contribute positive net cash flows to the combined group soon after the acquisition completes; and
- be revenue accretive with DevoluIVA recording unaudited revenues of approximately A\$290K for the quarter ended 30 June 2022.

Way2VAT CEO and Founder, Amos Simantov, said, "The Acquisition provides four key benefits to Way2VAT. First, it enables Way2VAT to enter the Spanish market with a complementary product suite to the existing DevoluIVA platform. DevoluIVA's expertise on the unique characteristics of the Spanish domestic VAT system is the perfect way for us to then offer our foreign VAT capability. Second, it provides a large market for our Smart Spend Debit Card that can be pushed through to DevoluIVA's network of more than 130,000 merchants.

"Third, the Acquisition is revenue accretive and will have an immediate effect on Way2VAT revenue and EBITDA. Finally, the Acquisition provides the basis for our multi-product strategy beyond Spain and into Latin America countries with similar domestic VAT structures."

Overview of DevoluIVA

DevoluIVA was founded in 2010 in Barcelona, Spain, as a spin-off of Voxel, and was Spain's first electronic solution that digitised corporate expense and VAT recovery. The DevoluIVA app allows users to locate restaurants, taxis, petrol stations and car parks affiliated to the DevoluIVA network and automatically receive electronic invoices for their professional expenses. DevoluIVA currently employs 31 employees, has over 60,000 users and is affiliated with over 130,000 businesses. In 2019, the DevoluIVA app, which is available on Apple and Android devices, issued more than 600,000 invoices.

Terms of the Agreement

Under the terms of the Agreement, at completion, the Company will issue Voxel such number of shares equivalent in value to €1 million, based on a deemed issue price of **A\$0.125 per share** and an average EUR/AUD exchange rate published by the RBA 30 days prior to completion (**Consideration Shares**). By way of example, based on an indicative exchange rate of 1.47, the number of Consideration Shares that the Company will issue is approximately 11.76 million shares.

The Agreement also provides that Voxel will be entitled to receive earn-out payments which will accrue as follows:

- **First Earn-Out:** on the date that is 12 months after completion of the Acquisition (**First Earn-Out Date**), Voxel will be entitled to receive such number of Way2VAT shares equivalent in value to the greater of:
 - €500,000; or

- the total of 1.5 times of the difference between DevoluIVA's 2022 annual revenues derived from its VAT recovery related activity (**2022R**) less €500,000.

For the purpose of calculating the number of shares for the First Earn-Out, the Company will utilise a deemed issue price of A\$0.125 multiplied by the average 30-day EUR/AUD exchange rate prior to the First Earn-Out Date.

- **Second Earn-Out:** on the date that is 24 months after completion of the Acquisition (**Second Earn-Out Date**), Voxel will be entitled to receive such number of Way2VAT shares equivalent in value to the greater of:

- €500,000; or
- the total of 1.5 times of the difference between DevoluIVA's 2023 annual revenues derived from its VAT recovery related activity (**2023R**) less 2022R.

For the purpose of calculating the number of shares for the Second Earn-Out, the Company will utilise a deemed issue price of A\$0.125 multiplied by the average 30-day EUR/AUD exchange rate prior to the Second Earn-Out Date.

- **Third Earn-Out:** on the date that is 36 months after completion of the Acquisition (**Third Earn-Out Date**), Voxel will be entitled to receive such number of Way2VAT shares equivalent in value to the lesser of:

- €500,000 divided by a deemed issue price of A\$0.125 (multiplied by the average 30-day EUR/AUD exchange rate prior to the Third Earn-Out Date); or
- the total of:
 - the difference between DevoluIVA's 2024 annual revenues derived from its VAT recovery related activity (**2024R**) less 2023R divided by a deemed issue price of A\$0.125 (multiplied by the average 30-day EUR/AUD exchange rate prior to the Third Earn-Out Date); and
 - 2024R less 2023R divided by two times the deemed issue price of A\$0.125 (multiplied by the average 30-day EUR/AUD exchange rate prior to the Third Earn-Out Date).

If the 2024R is equal or lower than 2023R, the Third Earn-Out will not be paid to Voxel.

The issue of Way2VAT shares under the First Earn-Out, Second Earn-Out and Third Earn-Out is subject to Way2Vat obtaining shareholder approval and the Company will seek to obtain shareholder approval at each stage (if applicable) prior to the First Earn-Out Date, Second Earn-Out Date and/or Third Earn-Out Date. If shareholder approval is not obtained for the First Earn-Out, Second Earn-Out and/or Third Earn-Out or the Company does not issue the earn-out shares to Voxel within 90 days from the applicable earn-out date (for whatever reason), the Company will pay to Voxel the equivalent amount of that earn-out in cash.

Completion of the Acquisition is subject to satisfaction of the following conditions precedent:

- the Company obtaining shareholder approval to issue the Consideration Shares to Voxel; and

- the Company obtaining written confirmation from Bank Hapoalim B.M. to execute, and comply with all its obligations under, the Agreement (noting that the Company has **received** this confirmation).

The Agreement is otherwise subject to customary terms and conditions for a transaction of this nature, including completion obligations, seller representations and warranties, material adverse change and non-competition provisions.

In addition, prior to completion, the Company intends to enter into a service agreement with Voxel for the provision of digital invoicing, hosting and workspace services to DevoluVA. It is presently envisaged that the Company will pay Voxel a monetary compensation of €30,000 per annum for the workspace and a quarterly compensation for hosting and digital invoicing services (with a minimum amount of €60,000 per annum). The Company will pay the quarterly compensation to Voxel either in cash or shares following receipt of an invoice from Voxel. Shares issued to Voxel under the service agreement will be issued under the Company's Listing Rule 7.1 capacity.

The Company intends to seek shareholder approval for the issue of the Consideration Shares at the Company's upcoming annual general meeting to be held in or around September 2022.

Way2VAT was advised on the Acquisition by Kafri Leibovich Law Firm from Israel and Thomson Geer from Australia.

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

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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, the United States, and Romania and has over 55 employees.

Used by more than 220 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%.

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