Nayax Ltd.

(the "Company")

Board of directors' report on the state of the corporation's affairs

As of 30 September 2021

Nayax Ltd.

The Board of Directors' Report on the State of the Corporation's Affairs

For the three and nine-month period ended 30 September 2021

The Company's board of directors hereby respectfully submits the board of directors' report on the state of the corporation's affair for the three and nine-month period ended 30 September 2021 ("**Q3**" and the "**Report Period**", respectively), according to the Securities (Periodic and Immediate Reports) Regulations, 5730-1970 (the "**Reports Regulations**").

The scope of this board of directors report is limited, and it is drafted under the assumption that the reader also has available the Company's initial public offering prospectus dated 11 May 2021 (published 10 May 2021; reference no: 2021-01-082128) (the "**Company Prospectus**"), the Company's quarterly report for the three-month period ended 30 March 2021 (published 27 May 2021; reference no: 2021-01-031711) (the "**Q1 Report**"), and the Company's quarterly report for the three and six-month periods ended 30 June 2021 (published 23 August 2021; reference no: 2021-01-069187) (the "**Q2 Report**"). Everything set forth in the Company Prospectus, in the Q1 Report, and the Q2 Report is incorporated in this Report by way of reference.

1. <u>Explanations of the board of directors on the state of the Company's affairs</u>

1.1. <u>General</u>

On 10 May 2021, the Company published a prospectus on the initial public offering of the Company's shares (the "**IPO**"), and starting 13 May 2021, the Company's shares have been traded on the Tel Aviv Stock Exchange Ltd., and the Company became a public company. For additional details see Note 10 to the Company's consolidated condensed financial statements as of 30 September 2021 (the "**Consolidated Condensed Financial Statements**").

As of its incorporation date and as of the publication date of this Report, the Company, including through corporations that it directly and indirectly owns (hereinafter together: the "**Group**"), is engaged in the area of solutions and services for processing and operation of businesses through a global platform. In the framework of its activity, the Company offers its customers, through its platform, which combines proprietary hardware and software developed by the Company, comprehensive solutions and services to unattended points of sale and service ("**Unattended**" or the "**Unattended Activity**"), and to attended points of sale and service ("**Attended**" or the "**Attended Activity**").

1.2. **<u>Dealing with the effects of the Coronavirus outbreak including the global shortage of components</u>**

During Q1 of 2020 the Coronavirus (COVID-19) ("**Coronavirus**") began to spread globally, and on 11 March 2020, the World Health Organization declared the Coronavirus a global pandemic. The Coronavirus led to sharp declines on stock markets all over the world, and to a global economic slowdown. The global economic slowdown led, and may in the future lead, to a decrease in consumption, and thus it had, and may also in the future have, a negative effect on the Group's activity and its results. Among others, the effect was noticeable on the Group's activity by way of a decrease in the number of consumer transactions performed with the Company's customers at Attended and Unattended points of sale, in particular during periods when it was prohibited to go to non-essential workplaces, or when tourism and leisure sites and other businesses whom the Group provides services to were closed.

Nevertheless, as of the date of this Report, the number of points of sale of the Company's customers is significantly higher than what it was before the Coronavirus outbreak.

An additional trend is that due to the Coronavirus outbreak, consumers prefer cashless payment methods in order to limit interactions with other people and surfaces, in the framework of social distancing rules. This behavior has a positive effect on the Company, in light of the fact that its platform and products enable various cashless payment methods, including through alternative payment products (such as credit cards and payment applications) and online payments.

Similarly, the global outbreak of the epidemic cause uncertainty in the global economy and staggering economic damage due to the closure of many businesses, slowdown in manufacture, delay in deliveries and partial shutdown of national and international transportation, while on the other hand global demand for various electronic products significantly increased, which together with the slowdown in manufacture created a global shortage in components required for producing many electronic products.

Such global shortage in the availability of components started to adversely affect the gross profit rate from selling the hardware during Q3 2021, due to an increase in the price of many components used by the Company for manufacturing its hardware products, some of them significantly. The Company's strategy is to continue supply of hardware under such circumstances, as the hardware constitutes the strategic foundation for engaging with new customers and expanding the activity of existing customers, and is one of the cornerstones for the Company's continued growth over time. Hardware sales account for ~40% of the Company's total sales during the Report Period.

Since the global outbreak of the Coronavirus the Company has been taking action in order to deal with issues and events with respect to the crisis and its potential implications. In order to limit the effects of the crisis, the Company is among others taking the following actions:

(1) Business development - The Company is continuing to examine business development opportunities and is taking action with the purpose of promoting business opportunities in the Israeli and international markets.

(2) Marketing activity - In light of the Coronavirus crisis, the Company also accelerated the launch of its online marketing and sales activity, so that it would engage with its customers and perform sale transactions through its websites.

(3) Cost of components – According to the Company's aforementioned strategy, sale of hardware units is a significant cornerstone for its continued growth. The Company is acting to improve the supply chain in view of the global components crisis, including by way of expanding the circle of component suppliers from whom the Company buys itself and through its subcontractors, and extending the range of component procurement beyond what was common in the past.

For details about efficiency programs implemented by the Company in order to deal with the Coronavirus crisis, see section 6.21.8 in Chapter 6 of the Company Prospectus.

For details about a long-term state-guaranteed loan of ILS 15 million that the Company received, and regarding subsidies that the Company received from the governments of the countries of incorporation of a few subsidiaries, see sections 6.25.2.3, 6.25.4, and 6.25.5 in Chapter 6 of the Company Prospectus.

The Company's estimates with respect to the potential implications of the spread of Coronavirus on the Group's activity are considered forward looking information, as defined in the Securities Law, 5728-1968, the materialization of which is uncertain and is not within the Company's control.

1.3. **Financial position**

A summary of data on the financial position is presented below (in USD thousands):

Item	As of 30 September		As of 31 December 2020	Board of directors' explanation
	2021	2020		
Current assets	170,692	55,015	54,518	The increase in current assets as of 30 September 2021, compared to current assets as of 30 September 2020, mostly derived from an increase in cash and cash equivalents as a result of an initial public offering of the Company's shares on the Tel Aviv Stock Exchange Ltd., and from an increase in the balance of customers, restricted cash to transfer to customers and receivables for processing activity, as a result of an increase in the Company's scope of activity.
Non-current assets	58,536	35,564	38,235	The increase in non-current assets as of 30 September 2021, compared to non-current assets as of 30 September 2020, mostly derived from an increase in the balance of goodwill and intangible assets (mainly in light of the acquisition of Weezmo Technologies Ltd. ("**Weezmo**") and due to development costs that were capitalized), an investment in an investee company following the acquisition and increase in holding rate of Tigapo Ltd. ("**Tigapo**"), an investment in Nilus ("**Nilus**"), and an increase of property easement in light of the execution of an additional lease agreement in the Company's office building. (See Notes 5A, 5B, 5C, and 11B to the Consolidated Condensed Financial Statements).
Current liabilities	76,164	57,737	62,251	The increase in current liabilities as of 30 September 2021, compared to current liabilities as of 30 September 2020, mainly derived from an increase in accounts payable due to processing activity and a balance of suppliers as a result of an increase in the scope of the Company's activity, and on the other hand a decrease in short-term credits from banking corporations in light of repayment of the short-term credit.

Item	As of 30 September		As of 31 December 2020	Board of directors' explanation
	2021	2020		
Non-current liabilities	15,722	17,813	18,001	The decrease in non-current liabilities as of 30 September 2021, compared to non-current liabilities as of 30 September 2020, mostly derived from a decrease in loans from banking and other corporations. An additional decrease derives from the repayment of other long-term obligations for the acquisition of Nayax Retail Ltd. (see Note 5E to the Consolidated Financial Statements). On the other hand, there was an increase in lease liabilities in light of the execution of an additional lease agreement in the Company's office building. (See Note 11B to the Consolidated Condensed Financial Statements).
Equity	137,342	15,029	12,501	The increase in equity as of 30 September 2021, compared to the equity as of 30 September 2020, mainly derived from an initial public offering of the Company's shares on TASE, and on the other hand, an offsetting effect of the equity decrease as a result of the Company's losses in Q4 of 2020 and in the Report Period.

1.4. **Activity results**

Data about the activity results is presented below (in USD thousands):

Item	Nine months ended 30 September		Three months ended 30 September		Year ended 31 December 2020	Board of directors' explanation
	2021	2020	2021	2020		
Revenues	84,701	54,177	30,926	22,078	78,783	The increase in revenues in Q3 of 2021 and in the Report Period compared to the corresponding periods last year mainly derived from a significant increase in the scope of sold units, from service revenues in light of an increase in the scope of active paying units, and from an increase in the scope of processing activity as a result of an increase in the scope of the Company's activity.

Item	Nine months ended 30 September		Three months ended 30 September		Year ended 31 December 2020	Board of directors' explanation
	2021	2020	2021	2020		
Cost of revenues	48,533	27,890	18,580	11,631	41,603	The increase in the cost of revenues in Q3 of 2021 and in the Report Period compared to the corresponding periods last year mainly derived from an increase in the Company's scope of activity and its revenues.
Gross profit	36,168	26,287	12,346	10,447	37,180	The gross profit rate during the presented periods: In the three months ended 30 September 2021: 40%; in the Report period: 43%. In the three months ended 30 September 2020: 47%; in the nine months ended 30 September 2020: 49%. The gross profit rate in Q3 of 2021 and in the Report Period compared to the corresponding periods last year decreased mainly due to an increase in the price of the raw materials deriving from the global components shortage.
Research and development costs	13,287	6,794	5,265	2,782	9,300	The increase in research and development costs in Q3 of 2021 and in the Report Period compared to the corresponding periods last year mainly derived from an increase in the scope of salary costs and affiliated costs for the research and development department as a result of an increase in the number of employees, the salary costs, the adoption of a bonus program for the Group's employees (except for sales people) starting in Q3 2021 (See Note 11D to the Consolidated Condensed Financial Statements) and from an increase in the development costs of subcontractors.

Item	9 months ended 30 September		3 months ended 30 September		Year ended 31 December 2020	Board of directors' explanation
	2021	2020	2021	2020		
Sale, administrative, and general costs	30,890	18,649	12,271	6,593	26,545	The increase in sale, administrative, and general costs in Q3 of 2021 and in the Report Period compared to the corresponding periods last year mainly derived from an increase in costs for professional and regulatory services and from an increase in the scope of salary costs and affiliated costs, including costs for share-based payment, as a result of an increase in the number of employees, salary costs, the adoption of a bonus program for the Group's employees (except for sales employees) starting from Q3 2021 (See Note 11D of the Consolidated Condensed Financial Statements) and option grants during the Report Period to Mr. Yair Nechmad and Mr. David Ben-Avi, among the Company's controlling shareholders (for details see section 8.1.5 in Chapter 8 of the Company's prospectus).
Depreciation and amortization for capitalized development and technology costs	2,771	2,718	1,073	894	3,559	--
Other costs, net	1,802	-	96	-	-	The other costs in Q3 of 2021 and in the Report Period are attributed to costs that deriving from the initial public offering of the Company's shares on TASE, but that do not constitute "issue costs" that were deducted from the equity upon the actual IPO. The costs mainly include fees for professional services, listing fees and non-recurring bonuses for employees and service providers.

Item	9 months ended 30 September		3 months ended 30 September		Year ended 31 December 2020	Board of directors’ explanation
	2021	2020	2021	2020		
Share in the losses of included companies	124	-	67	-	-	During May 2021 and further to Q3 2021, the Company executed agreement for the acquisition of Tigapo shares, the investment is treated according to the balance sheet value method (see Note 5B to the Consolidated Condensed Financial Statements), in Q3 2021 and in the Report Period, the Company recognized its share in the losses of Tigapo.
Operating loss (profit)	12,706	1,874	6,426	(178)	2,224	The increase in operating loss mainly derives from an increase in operating costs as set forth above.
Financing costs	2,897	1,716	347	413	4,277	The increase in net financing costs in the Report Period compared to the corresponding period last year, mainly derived from a revaluation of deferred consideration, an obligation for an options arrangement, and an obligation to the seller plus businesses that were for the first time recognized during the period (following the acquisition of Weezmo) and on the other hand, an increase in financing revenue as a result of exchange rate differentials. In addition, during the corresponding period last year, the Company recognized financing revenues from a benefit arising from a state-guaranteed loan.
Financing revenues	840	537	-	-	403	
EBITDA *	(219)	4,209	(1,643)	2,306	6,649	See calculation below.
Capital investments (CapEx) **	5,720	5,013	2,100	1,801	7,856	--

* **EBITDA** - A metric that is not calculated pursuant to accepted accounting principles, which the Company uses for measuring its results from ongoing activity. This metric is calculated as follows - operational loss plus depreciation and amortization, other non-recurring costs included in the profit or loss statement as set forth above, and costs for share-based payment, as set forth below (in USD thousands):

Item	Nine months ended 30 September		Three months ended 30 September		Year ended 31 December 2020
	2021	2020	2021	2020	
Operating loss	(12,706)	(1,874)	(6,426)	178	(2,224)
Depreciation and amortization	5,331	4,354	1,898	1,434	5,908
Share-based payment costs	5,354	1,729	2,789	694	2,965
Non-recurring issuance costs	1,802	-	96	-	-
EBITDA	(219)	4,209	(1,643)	2,306	6,649

** **Capital investments (CapEx)** - Cash investments in fixed assets and in capitalized development costs.

1.5. **Liquidity** - data about the liquidity is presented below (in USD thousands):

Item	Nine months ended 30 September		Three months ended 30 September		Year ended 31 December 2020	Board of directors' explanation
	2021	2020	2021	2020		
Cash flow from current activity	271	2,741	(565)	1,968	6,488	The decrease in cash flow arising from current activity in Q3 2021 and in the Report Period compared to the corresponding periods last year mainly derived from the Company's growth that led to an increase in the salary costs and the hiring of new employees, and from rising prices of the raw materials inventory deriving from the global component shortage.
Cash flow from investing activity	(19,585)	(5,623)	(6,694)	(2,181)	(8,572)	The increase in cash flow used for investing activity in the Report Period compared to the corresponding period last year mainly derived from investments in Weezmo, Tigapo and Nilus (see Notes 5A, 5B and 5C to the Consolidated Condensed Financial Statements). The increase in cash flow used for investing activity in Q3 of 2021 mainly derived from an investment in Tigapo (see Note 5B to the Consolidated Condensed Financial Statements).
Cash flow from financing activity	115,669	6,209	(1,609)	1,168	6,046	The increase in cash flow arising from financing activity in the Report Period compared to the corresponding period last year mainly derived from an initial public offering that was partially offset following the repayment of loans and credit from a banking corporation and the repayment of the shareholders loans. On the other hand, the decrease in cash flow arising from financing activity in Q3 2021 compared to the corresponding period last year mainly derived from receiving short-term credit from a banking corporations in the corresponding quarter last year.

Item	Nine months ended 30 September		Three months ended 30 September		Year ended 31 December 2020	Board of directors' explanation
	2021	2020	2021	2020		
Balance of cash and cash equivalents as of the end of the period	103,804	7,715	103,804	7,715	8,195	--

As of 30 September 2021, and 30 September 2020, the Company has a positive working capital (current assets less current obligations) of approximately 94,528 and a negative working capital of approximately USD 2,722 thousands, respectively, and as of 31 December 2020, a negative working capital of approximately USD 7,733 thousands. The increase in working capital mainly derives from an initial public offering, and conversely, from the repayment of banking corporation credit.

1.6. **Financing sources**

1.6.1. Following the IPO of the Company's shares on TASE (see section 1.6.2 below), the Group is currently mainly financing its activity from independent sources, a loan that it took from a banking corporation, and from one of the processing entities with whom it engaged, and lines of credit that were made available to it by a banking corporation. Similarly, following the Coronavirus crisis, subsidiaries of the Group were supported by governments of their countries of incorporation (for details regarding the loan forgiveness see Note 6B to the Consolidated Condensed Financial Statements). For additional details about the Company's financing sources, see section 6.25 in Chapter 6 of the Company Prospectus.

1.6.2. On 10 May 2021, the Company published a prospectus for the initial public offering of the Company's shares, in the framework of which it raised a total of USD 141.6 million (gross) (the "**Issuance Proceeds**"), prior to issue costs, and a total of approximately USD 132.5 million (for additional details about the Issuance Proceeds, see the Company Prospectus).

1.6.3. During the Report Period, the Company repaid the entirety of the shareholders' loans and credit provided by Mr. Amir Nechmad (for details see section 8.2.4 in Chapter 8 of the Company Prospectus and Notes 9D and 9E to the Consolidated Condensed Financial Statements), through the Issuance Proceeds.

1.6.4. On 13 May 2021, the Company repaid a short-term bank credit that had been made available to it, in total amount of approximately USD 11.7 million (from the line of credit described in section 6.25.2.1 in Chapter 6 of the Company Prospectus), through the Issuance Proceeds. The Company may still utilize the entirety of the line of credit.

1.6.5. Further to section 6.25.2.4.1 of the Company Prospectus, the Company's financial covenants that the Company was required to meet were cancelled.

1.6.6. Starting from the date of the initial public offering of the Company's shares on TASE and until 30 September 2021, (non-negotiable) options of the Company were exercised into 1,814,478 ordinary shares of the Company, against payment to the Company of a total exercise price of approximately USD 811 thousand. Starting from 30 September 2021, until the publication date of this quarterly report, (non-negotiable) options of the Company were exercised into 251,730 ordinary shares of the Company, against payment to the Company of a total exercise price of USD 162 thousand.

1.6.7. On 19 October 2021, the Company, through a private placement under a private placement report (amended) that the Company's published on 17 October 2021 (reference no: 2021-01-156528), and under a securities allocation to employees outline that the Company published on 8 July 2021 (reference no: 2021-01-050833), allocated, for no consideration, options to

95 employees and service providers of the Company and of companies under its control, including two senior officers of the Company, which are exercisable into 1,967,500 shares of the Company and restricted share units (RSU), which are automatically converted, on their vesting date, into 500,000 shares of the Company, to an officer of the Company who is not a director or CEO of the Company. For details see the immediate report published by the Company on 20 October 2021 (reference no: 2021-01-158112).

1.6.8. The average scope of the Company's long-term loans in Q3 of 2021 and in the Report Period was approximately USD 10 million and approximately USD 11.4 million, respectively, compared to approximately USD 13 million and approximately USD 10.3 million in the corresponding quarter last year and in the corresponding period last year, respectively. The decrease in long-term loans in Q3 mainly derived from loan repayments from a banking corporation and from others. On the other hand, the increase in long-term loans in the Report Period mostly derived from a state-guaranteed loan of ILS 15 million (approximately USD 4.25 million) that was received from a banking corporation in May 2020 (for details see section 6.25.2.3 in Chapter 6 of the Company's prospectus).

1.6.9. The average scope of the Company's short-term credit in the Report Period was approximately USD 7 million. Similarly, the average scope of short-term credit in Q3 2020 and the Report Period last year, stood at approximately USD 8.7 million and approximately USD 9.3 million, respectively. As set forth in section 1.6.4 above, the Company has repaid the short-term bank credit in the Report Period.

1.6.10. The average credit from suppliers, in Q3 2021 and in the Report Period, was approximately USD 10.1 million and approximately USD 11.3 million, respectively, compared to approximately USD 7.5 million and approximately USD 8.1 million in the corresponding quarter last year and in the corresponding period last year, respectively.

The average credit to customers, in Q3 2021 and in the Report Period, was approximately USD 16.2 million and approximately USD 14.8 million, respectively, compared to approximately USD 10.7 million and approximately USD 11.4 million in the corresponding quarter last year and in the corresponding period last year, respectively.

2. Corporate governance aspects

2.1. Directors with accounting and financial expertise

The minimum number of directors with accounting and financial expertise appropriate for the Company, as determined by the Company's board of directors under section 92(a)(12) of the Companies Law, 5759-1999 (the "**Companies Law**"), is two (2) directors, considering the Company type, the nature of accounting issues and accounting control issues that emerge when preparing the Company's financial statements, the Company's areas of activity, the Company's size and the scope and complexity of its activity. Currently there are three directors in the Company's board of directors who have accounting and financial expertise, as follows: Ms. Rina Shafir (external director), Ms. Vered Raz Avayo (external director) and Mr. Elon Shalev (independent director). For additional details with respect to these directors, see the invitation to the general meeting that the Company published on 13 July 2021 (reference no: 2021-01-116343).

2.2. **Disclosure on the Company's internal auditor**

On 22 August 2021, the Company's board of directors approved, pursuant to the recommendation of the audit committee, the appointment of Mr. Yossi Ginossar from Fahn Kanne as the Company's internal auditor:

Name	Yossi Ginossar
Commencement date of tenure	23 August 2021
The internal auditor's compliance with the provisions of law	To the best of the Company management's knowledge, in accordance with the internal auditor's declaration, the internal auditor is in compliance with the requirements of section 146(b) of the Companies Law, 5759-1999, and with the provisions of sections 3(a) and 8 of the Internal Audit Law, 5752-1992. Similarly, to the best of the Company's knowledge, the internal auditor is not an interested party of the Company, is not a family member of an interested party or officer of the Company and is not serving as the auditor of the Company or anyone on its behalf.
Material business relationship/other material relationship of the internal auditor with the Company or with an entity related to the Company and the manner of engagement with the internal auditor	The internal auditor is not a Company employee, but rather grants the Company internal auditing services on behalf of Fahn Kanne as an external factor. His activity does not create a conflict of interests with his role as the Company's internal auditor. The internal auditor does not fulfill any other function in the Company. The internal auditor serves as internal auditor in a few additional public companies. Similarly, the internal auditor and Fahn Kanne on

	whose behalf he is acting do not own securities of the Company or of an entity related thereto, and they have no business relationship or other material relationship with the Company or with an entity related thereto.
Manner of appointing the internal auditor	On 22 August 2021, the Company's board of directors appointed Mr. Yossi Ginossar as the Company's internal auditor, after he was recommended by the audit committee in question on 19 August 2021, following an examination of his experience and after meeting conducted with him and an immediate impression of him by the Company's management, the Company's audit committee, and the Company's board of directors. Mr. Ginossar was found suitable to serve as the Company's internal auditor, *inter alia* when considering the scope and complexity of the Company's activity.
The organizational entity supervising the internal auditor	The organizational entity supervising the Company's internal auditor is the chairman of the Company's board of directors.
Work plan	As of this date, the internal auditor's work plan has not yet been determined. The internal auditor's work plan shall be determined on an annual basis with the approval of the audit committee.
Audit abroad or of investee companies	Audit abroad or of investee companies shall be scheduled with the approval of the audit committee, considering, *inter alia*, the nature and scope of the Company's activity.

Scope of employment	The internal auditor's scope of work shall be determined on an annual basis with the approval of the audit committee, considering, *inter alia*, the nature and scope of the Company's activity.
Professional standards pursuant to which the internal auditor shall conduct the audit	As the internal auditor informed the Company, the auditor is acting in accordance with the accepted professional standards as set forth in section 4(b) of the Internal Audit Law, 5752-1992, and pursuant to professional standards and guidelines determined by the Institute of Internal Auditors in Israel (IIA Israel). The board of directors relies on the internal auditor's reports regarding his compliance with the requirement of the professional standards, whereby he is conducting the audit.
Access to information	For purpose of fulfilling his role, the internal auditor has free, continuous, and immediate access, as stated in section 9 of the Internal Audit Law, 5752-1992, to the information systems of the Company and of investee companies, including financial data, documents, and the Company's operational sites in Israel.
Report of the internal auditor	As of the date of signing these Reports, the internal auditor has not yet submitted audit reports.
The board of directors' assessment of the internal auditor's activity	As of the date of signing these Reports, the internal auditor has not yet submitted audit reports.
Remuneration	Remuneration to the internal auditor is comprised of payment that does not vary according to the audit

	results, and therefore does not affect the audit results. In the opinion of the board of directors, the internal auditor's remuneration does not affect his professional discretion.

3. **Material events after the report date on the financial situation**

For events following the date of the report on the financial situation, see Notes 5F and 11 to the Consolidated Condensed Financial Statements.

17 November, 2021

David Ben-Avi	Yair Nechmad
Director	**CEO and Chairman of the Board**

<u>Changes and novelties that occurred in the Company' business during and after the Report Period on matters that need to be described in the Periodic Report</u>

In this Report, the following terms shall have the meaning:

"Company" - Nayax Ltd.

"Group" - The Company and corporations that it directly and indirectly owns.

"**Consolidated Condensed Financial Statements**" - The Company's consolidated condensed financial statements for the nine and three months periods ended 30 September 2021.

"Prospectus" or **"Company Prospectus"** - The Company's prospectus published on 10 May 2021 (reference no: 2021-01-082128).

1. **<u>Update to section 6.3.1 in the Company Prospectus - growth and key metrics</u>**

   The Company has been growing consistently since its incorporation in 2005, and in recent years the Company's growth has even accelerated. The Company is examining its growth through three key metrics: the number of connected points of sale that the Company provides services to, the number of customers and the number of transactions executed at the points of sale, and their financial value. Following is data with respect to these three key metrics for the three and nine-month periods ended 30 September 2021:

Key metric	As of 30 September		As of 31 December
	2021	2020	2020
Connected points of sale (thousands)	371	248	281
Manage points of sale (thousands)	90([1])	87([2])	90([3])
Total points of sale (thousands)	461	335	371

[1] Of which approximately 80 thousand through Vendsys's solution, and the remaining are end points as part of the Attended Activity. For details about Vendsys's solution see section 6.10.2.5 in Chapter 6 of the Company Prospectus.

[2] Of which approximately 86 thousand through Vendsys's solution, and the remaining are end points as part of the Attended Activity.

[3] Of which approximately 80 thousand through Vendsys's solution, and the remaining are end points as part of the Attended Activity.

Key metric	As of 30 September		As of 31 December
	2021	2020	2020
Number of customers	Approximately 27,000	Approximately 17,000	Approximately 19,000

Key metric	Nine month period ended 30 September		Nine month period ended 30 September		Year ended 31 December
	2021	2020	2021	2020	2020
Number of transactions (millions)	548	336	218	126	470
The financial value of the transactions (in USD millions)	997	544	407	222	772

2. **<u>Update to section 6.3.2 of the Company Prospectus - Chart of the Company's holding structure</u>**

   As set forth in section 6.3.2 in Chapter 6 of the Company Prospectus, pursuant to the share purchase agreement regarding the shares of Nayax Retail Ltd. (hereinafter: "**Nayax Retail**"), the balance of the shares that reflect a holding of 49% in Nayax Retail should have been purchased by the Company over a period of 5 years in consideration for an additional amount (the "**Additional Amount**"), while closing the IPO would accelerate the purchase of the balance of shares. Accordingly, and in light of the closing of the IPO, all of the foregoing consideration was paid at the end of May 2021, in consideration for the transfer of all of Nayax Retail's shares to the Company. For additional details see Note 5E to the Consolidated Condensed Financial Statements.

   For details about the Company's increased holding rate in Weezmo Technologies Ltd. to 100%, see section 7 below. For details about the Company's increased holding rate in Tigapo Ltd. to 53.55% and regarding the Company's entitlement to a future allocation of Tigapo shares upon the occurrence of a future investment in Tigapo, see section 8 below.

3. **<u>Update to section 6.5 of the Company Prospectus - investments in the Company's equity and transactions in its shares</u>**

   <u>Completing the IPO, secondary offering, and listing on TASE</u> - On 10 May 2021, the Company published a prospectus on the initial public offering of the Company's shares, in the framework of which it raised a total of USD 141.6 million (gross), and

starting 130 May 2021, the Company's shares have been traded on the Tel Aviv Stock Exchange Ltd., and the Company turned into a public company. The Company's share price in the framework of the IPO was ILS 10.5 per share. For additional details, see the Company's immediate report on the results of the offering under the Prospectus for the IPO and secondary offering dated 10 May 2021 (reference no: 2021-01-082185).

4. **Update to section 6.18 of the Company Prospectus - fixed property, land, and facilities**

   In June 2021, the Company executed a lease agreement for leasing additional office space of approximately 848 sqm, balconies of approximately 30 sqm, and a number of parking spaces in the building. The period of the lease is 72 months starting June 2021. For additional details see Note 11B to the Consolidated Condensed Financial Statements.

5. **Update to section 6.25 of the Company Prospectus - financing**

   For the three and nine-month period ended 30 September 2021 see section 1.6. above.

6. **Update to sections 6.35.2 and 6.22 of the Company Prospectus - industry-related risk factors and raw materials and suppliers, respectively**

   Notwithstanding the fact that most components required for manufacturing the Company's products are manufactured by a large number of manufacturers ("**General Components**"), certain key components are purchased from exclusive or limited number of suppliers. In addition, the Company is competing over the General Components with many additional companies in the areas of computers, telephones, and other electronic products. Therefore, the Company is exposed to risks of shortages, price hikes, changes to tariffs and delays in delivering the key components and General Components, which may adversely affect the Company's financial results. For details regarding the impact of component shortage on the results for Q3 2021, see section 1.2 above.

7. **Agreement for purchasing shares of Weezmo**

On 7 January 2021, the Company engaged in an agreement with Weezmo Technologies Ltd. (hereinafter: "**Weezmo**") which is engaged in the area of interactive receipts in Israel and around the world, and with seven of its shareholders and with five option holders of Weezmo, according to which the Company acquired preferred shares of Weezmo from three of Weezmo's shareholders, which as of the purchase date constituted approximately 36.13% (31.59% fully diluted) of Weezmo's issued share capital. Similarly, the Company granted each of Weezmo's additional shareholders (including holders of options) a put option to sell to the Company all of its Weezmo shares, which was exercised in Q2 of 2021 in total scope of approximately 43.73% of Weezmo's issued share capital (41.68% fully diluted).

In May 2021, an agreement was executed with all holders of non-controlling rights, whereby the Company purchased all of their holdings in Weezmo, while in doing so the Company's holding rate of Weezmo increased to 100%.

For additional details see Note 5A to the Consolidated Condensed Financial Statements.

8. **Agreement for purchasing shares of Tigapo**

On 4 February 2021, the Company engaged in a memorandum of understanding (hereinafter: the "**First MOU**") with Tigapo Ltd. (hereinafter: "**Tigapo**"), in respect of developing a smart cloud system for managing amusement parks.

According to the First MOU, the Company invested a total of USD 300 thousand in Tigapo in the framework of a SAFE investment agreement (Simple Agreement for Future Equity), against a right for future allocations of shares upon future investment events in Tigapo at a minimum amount of USD 1.5 million.

In May 2021, the Company purchased shares of Tigapo constituting approximately 33.39% (fully diluted) from a few shareholders, in consideration for cash payment of approximately USD 2.1 million

In Q3 2021, a purchase agreement was executed in the framework of which the Company increased its holding in Tigapo for a purchase consideration of approximately USD 6.8 million consisting of a few components: cash of approximately USD 4 million, conversion of the investment in SAFE, revenue in advance for future consulting services of the Company to Tigapo in the areas of the Company's expertise, and a license to use the "Nayax" brand, issuance of put options for an additional investment of up to USD 1 million by the Company to Tigapo, put options that the Company granted to the remaining shareholders for the sale of the remaining shares of Tigapo, and call options that the remaining shareholders of Tigapo granted to the Company for purchasing the remaining shares of Tigapo.

Following the above-described agreement, the Company holds shares of Tigapo constituting approximately 53.55% of Tigapo's issued shares capital (fully diluted). For more information see Note 5B to the Consolidated Condensed Financial Statements.

9. **Update to section 6.21 of the Company Prospectus - human capital**

During the Report Period, the Company's management for the first time adopted a remuneration program for all of the Group's employees (apart from salespeople and apart from employees that are relatives of the Company's controlling shareholders) in effect from 1 July 2021. According to the terms of the program, at the beginning of every calendar year (and in the current year at the beginning of the second half of 2021) personal annual targets shall be set for each employee, and pursuant to their fulfillment and to the Company's general targets, the employees shall be entitled to bonuses.

NAYAX LTD

INTERIM FINANCIAL INFORMATION

AS OF SEPTEMBER 30, 2021

(Unaudited)

NAYAX LTD

INTERIM FINANCIAL INFORMATION

AS OF SEPTEMBER 30, 2021

(Unaudited)

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Auditors' review report to the shareholders of Nayax Ltd

Introduction

We have reviewed the accompanying financial information of Nayax Ltd and its subsidiaries (hereinafter - the "Company"), which comprises the condensed consolidated statements of financial position as of September 30, 2021 and the condensed consolidated statements of income or loss, comprehensive income, changes in equity and cash flows for the nine and three-month period then ended. The Company's board of directors and management are responsible for the preparation and presentation of this interim financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting". In addition, they are responsible for the preparation of this interim financial information for these interim periods in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with (Israel) Review Standard No. 2410, issued by the Israeli Institute of Certified Public Accountants regards "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing principles generally accepted in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not present fairly, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

In addition to the conclusion in the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not present, in all material respects, in accordance with Chapter D of Securities Regulations (Periodic and immediate reports), 1970.

Tel Aviv, Israel	Kesselman & Kesselman
November 17, 2021	Certified Public Accountants (Isr.)
	A member firm of PricewaterhouseCoopers International Limited

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	September 30		December 31
		2021	2020	2020
		(Unaudited)		(Audited)
		U.S. dollars in thousands		
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents		103,804	7,715	8,195
Restricted cash transferable to customers for Processing activity		23,185	14,843	18,166
Short-term bank deposits		103	80	87
Receivables for processing activity		16,030	12,595	7,213
Accounts receivable:				
Trade, net		15,783	13,136	13,840
Others		4,401	1,215	1,976
Inventory		7,386	5,431	5,041
Total current assets		170,692	55,015	54,518
NON-CURRENT ASSETS:				
Long-term bank deposits		1,056	741	798
Long-term receivables	5c	875	-	-
Investment in associate	5b	8,787	-	-
Property, plant and equipment, net		5,189	4,087	5,047
Right-of-use assets, net		5,522	4,980	4,761
Goodwill and intangible assets, net		36,905	25,621	27,388
Deferred income tax		202	135	241
Total non-current assets		58,536	35,564	38,235
TOTAL ASSETS		229,228	90,579	92,753

The accompanying notes are an integral part of the condensed financial statements.

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	September 30 2021	September 30 2020	December 31 2020
		(Unaudited)		(Audited)
		U.S. dollars in thousands		
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Short-term bank borrowings		-	8,745	11,589
Current maturities of long-term bank loans		2,403	1,524	1,938
Current maturities of loans from others		3,308	2,434	3,041
Current maturities of other long-term liabilities		774	516	686
Current maturities of leases liabilities		1,373	1,252	1,320
Payables in respect of processing activity		48,559	29,788	27,181
Liabilities in connection with acquisition of investees	5a	466	-	
Accounts payable:				
Trade		11,504	8,666	10,998
Other		7,777	4,812	5,498
Total current liabilities		76,164	57,737	62,251
NON-CURRENT LIABILITIES:				
Long-term bank loans		3,146	5,407	5,391
Long-term loans from others		930	3,347	2,662
Long-term loans from shareholders		-	14	-
Retirement benefit obligation, net		980	615	894
Other long-term liabilities		4,093	2,882	3,374
Lease liabilities		5,528	5,010	5,154
Deferred income tax		1,045	538	526
Total non-current liabilities		15,722	17,813	18,001
TOTAL LIABILITIES		91,886	75,550	80,252
EQUITY:				
Equity attributed to parent company's shareholders:				
Share capital		8	7	7
Share premium		150,060	16,689	16,689
Put option to purchase subsidiary's shares		-	(493)	-
Capital reserves		9,407	9,589	9,238
Accumulated deficit		(22,133)	(11,946)	(13,433)
Total equity attributed to shareholders of the company		137,342	13,846	12,501
Non-controlling interest		-	1,183	-
TOTAL EQUITY		137,342	15,029	12,501
TOTAL LIABILITIES AND EQUITY		229,228	90,579	92,753

Yair Nechmad	**David Ben Avi**	**Sagit Manor**
CEO	**Director**	**CFO**

Date of approval of the financial statements: November 17, 2021.

The accompanying notes are an integral part of the condensed financial statements.

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Note	Nine months ended September 30		Three months ended September 30		Year ended December 31
		2021	2020	2021	2020	2020
		(Unaudited)				(Audited)
		U.S. dollars in thousands (Excluding loss per share data)				
Revenues	4	84,701	54,177	30,926	22,078	78,783
Cost of revenues		(48,533)	(27,890)	(18,580)	(11,631)	(41,603)
Gross Profit		36,168	26,287	12,346	10,447	37,180
Research and development expenses		(13,287)	(6,794)	(5,265)	(2,782)	(9,300)
Selling, general and administrative expenses		(30,890)	(18,649)	(12,271)	(6,593)	(26,545)
Depreciation and amortization in respect of capitalized development costs and technology		(2,771)	(2,718)	(1,073)	(894)	(3,559)
Other expenses, net	10	(1,802)	-	(96)	-	-
Share in losses of associate company	5b	(124)	-	(67)	-	-
Profit (loss) from ordinary operations		(12,706)	(1,874)	(6,426)	178	(2,224)
Finance expenses		(2,897)	(1,716)	(347)	(413)	(4,277)
Finance income		840	537	-	-	403
Loss before taxes on income		(14,763)	(3,053)	(6,773)	(235)	(6,098)
Tax benefit (expense)		(14)	55	38	10	15
Loss for the period		(14,777)	(2,998)	(6,735)	(225)	(6,083)
Attribution of income (loss) for the period:						
To shareholders of the Company		(14,771)	(3,166)	(6,735)	(263)	(6,254)
To non-controlling interests		(6)	168	-	38	171
Total		(14,777)	(2,998)	(6,735)	(225)	(6,083)
Loss per share attributed to shareholders of the Company:						
Basic and diluted loss		(0.0504)	(0.0127)	(0.0207)	(0.0011)	(0.0252)

The accompanying notes are an integral part of the condensed financial statements.

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2021	**2020**	**2021**	**2020**	**2020**
	(Unaudited)				(Audited)
	U.S. dollars in thousands				
Loss for the period	(14,777)	(2,998)	(6,735)	(225)	(6,083)
Other comprehensive income (loss) for the period:					
Items that will not be recycled to profit or loss:					
Loss from remeasurement of liabilities (net) for retirement benefit obligations	-	-	-	-	(126)
Items that may be recycled to profit or loss:					
Gain (loss) from translation of financial statements of foreign activities	(74)	112	166	17	243
Total comprehensive loss for the period	(14,851)	(2,886)	(6,569)	(208)	(5,966)
Attribution of total comprehensive income (loss) for the period:					
To shareholders of the Company	(14,781)	(3,054)	(6,569)	(246)	(6,137)
To non-controlling interests	(70)	168	-	38	171
Total comprehensive loss for the period	(14,851)	(2,886)	(6,569)	(208)	(5,966)

The accompanying notes are an integral part of the condensed financial statements.

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributed to shareholders of the Company										
	Share capital	**Share premium**	**Defined benefit plans**	**Reserve from transactions with controlling shareholders**	**Reserve from transactions with non-controlling interests**	**Call option to purchase shares of subsidiary**	**Capital reserve from gain and loss on translation of financial statements**	**Accumulated deficit**	**Total equity attributed to shareholders of the Company**	**Non-controlling interests**	**Total equity**
	U.S. dollars in thousands										
Balance at January 1, 2021 (audited)	7	16,689	(329)	10,085	(761)	-	243	(13,433)	12,501	-	12,501
Changes in the nine months ended September 30, 2021 (unaudited):											
Loss for the period	-	-	-	-	-	-	-	(14,771)	(14,771)	(6)	(14,777)
Other comprehensive loss for the period	-	-	-	-	-	-	(10)	-	(10)	(64)	(74)
Non-controlling interests from business combination (See note 5a)	-	-	-	-	-	-	-	-	-	1,530	1,530
IPO (See note 10)	1	132,559	-	-	-	-	-	-	132,560	-	132,560
Transactions with non-controlling interests (See note 5a)	-	-	-	205	-	-	-	-	205	(1,460)	(1,255)
Business combination under common control (see note 5d)	-	-	-	(26)	-	-	-	-	(26)	-	(26)
Employee options exercised	-	812	-	-	-	-	-	-	812	-	812
Share-based payment	-	-	-	-	-	-	-	6,071	6,071	-	6,071
Balance at September 30, 2021 (unaudited)	8	150,060	(329)	10,264	(761)	-	233	(22,133)	137,342	-	137,342
Balance at January 1, 2020 (audited)	7	16,689	(203)	10,085	(405)	(493)	-	(11,026)	14,654	1,015	15,669
Changes in the nine months ended September 30, 2020 (unaudited):											
Income (loss) for the period	-	-	-	-	-	-	-	(3,166)	(3,166)	168	(2,998)
Other comprehensive income for the period	-	-	-	-	-	-	112	-	112	-	112
Share-based payment	-	-	-	-	-	-	-	2,246	2,246	-	2,246
Balance at September 30, 2020 (unaudited)	7	16,689	(203)	10,085	(405)	(493)	112	(11,946)	13,846	1,183	15,029

The accompanying notes are an integral part of these financial statements

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Equity attributed to shareholders of the Company										
	Share capital	**Share premium**	**Defined benefit plans**	**Reserve from transactions with controlling shareholders**	**Reserve from transactions with non-controlling interests**	**Call option to purchase shares of subsidiary**	**Capital reserve from gain and loss on translation of financial statements**	**Accumulated deficit**	**Total equity attributed to shareholders of the Company**	**Non-controlling interests**	**Total equity**
	U.S. dollars in thousands										
Balance at July 1, 2021 (unaudited)	8	149,383	(329)	10,264	(761)	-	67	(18,595)	140,037	-	140,037
Changes in the three months ended September 30, 2021 (unaudited):											
Loss for the period	-	-	-	-	-	-	-	(6,735)	(6,735)	-	(6,735)
Other comprehensive income for the period	-	-	-	-	-	-	166	-	166	-	166
Employee options exercised	-	677	-	-	-	-	-	-	677	-	677
Share-based payment	-	-	-	-	-	-	-	3,197	3,197	-	3,197
Balance at September 30, 2021 (unaudited)	8	150,060	(329)	10,264	(761)	-	233	(22,133)	137,342	-	137,342
Balance at July 1, 2020 (unaudited)	7	16,689	(203)	10,085	(405)	(493)	95	(12,579)	13,196	1,145	14,341
Changes in the three months ended September 30, 2020 (unaudited):											
Income (loss) for the period	-	-	-	-	-	-	-	(263)	(263)	38	(225)
Other comprehensive income for the period	-	-	-	-	-	-	17	-	17	-	17
Share-based payment	-	-	-	-	-	-	-	896	896	-	896
Balance at September 30, 2020 (unaudited)	7	16,689	(203)	10,085	(405)	(493)	112	(11,946)	13,846	1,183	15,029

The accompanying notes are an integral part of these financial statements

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Equity attributed to shareholders of the Company										
	Share capital	**Share premium**	**Defined benefit plans**	**Reserve from transactions with controlling shareholders**	**Reserve from transactions with non-controlling interests**	**Call option to purchase shares of subsidiary**	**Capital reserve from gain and loss on translation of financial statements**	**Accumulated deficit**	**Total equity attributed to shareholders of the Company**	**Non-controlling interests**	**Total equity**
	U.S. dollars in thousands										
Balance at January 1, 2020 (audited)	7	16,689	(203)	10,085	(405)	(493)	-	(11,026)	14,654	1,015	15,669
Changes in 2020 (audited):											
Income (loss) for the period	-	-	-	-	-	-	-	(6,254)	(6,254)	171	(6,083)
Other comprehensive income (loss) for the period	-	-	(126)	-	-	-	243	-	117	-	117
Transactions with non-controlling interests	-	-	-	-	(356)	493	-	-	137	(1,186)	(1,049)
Share-based payment	-	-	-	-	-	-	-	3,847	3,847	-	3,847
Balance at December 31, 2020 (audited)	7	16,689	(329)	10,085	(761)	-	243	(13,433)	12,501	-	12,501

The accompanying notes are an integral part of these financial statements

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2021	**2020**	**2021**	**2020**	**2020**
	(Unaudited)				(Audited)
	U.S. dollars in thousands				
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net loss for the period	(14,777)	(2,998)	(6,735)	(225)	(6,083)
Adjustments required to reflect the cash flow from operating activities (see Appendix A)	15,048	5,739	6,170	2,193	12,571
Net cash provided by (used in) operating activities	271	2,741	(565)	1,968	6,488
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capitalized development costs	(4,327)	(3,638)	(1,289)	(1,144)	(5,731)
Acquisition of property, plant and equipment	(1,393)	(1,375)	(811)	(657)	(2,125)
Loans extended to others	-	(76)	-	(33)	(141)
Investments in associates (see note 5b)	(6,449)	-	(4,000)	-	-
Repayment of loans extended to shareholders	61	848	-	-	786
Increase in bank deposits	(274)	(347)	(243)	(136)	(411)
Purchase of subsidiary net of purchased cash (notes 5a and 5d)	418	(686)	-	-	(686)
Repayment of liability to pay deferred consideration in respect to business combinations (notes 5a and 5e)	(7,335)	(580)	(126)	(290)	(580)
Interest received	2	12	-	3	14
Investments in financial assets (see note 5c)	(446)	-	(225)	-	-
Proceeds from sub-lessee	158	219	-	76	302
Net cash used in investing activities	(19,585)	(5,623)	(6,694)	(2,181)	(8,572)
CASH FLOWS FROM FINANCING ACTIVITIES:					
IPO (see note 10)	132,560	-	-	-	-
Interest paid	(582)	(755)	(132)	(229)	(1,065)
Short-term bank credit received (repayment), net	(11,393)	747	-	2,760	2,976
Support received (royalties paid) in respect to government assistance plans	(199)	-	-	-	16
Transactions with non-controlling interests (see note 5a)	(790)		(278)	-	(1,049)
Long-term bank loans received	-	4,735	-	-	4,734
Repayment of long-term bank loans	(1,849)	(713)	(583)	(278)	(1,003)
Long-term loans received from others	-	3,804	-	-	3,804
Repayment of long-term loans from others	(1,230)	(648)	(505)	(164)	(920)
Loans received from shareholders	8,900	14	-	(578)	-
Repayment of loans from shareholders	(8,900)		-	-	-
Decrease in other long-term liabilities	(219)	(131)	(74)	(43)	(280)
Employee options exercised	384	-	249	-	-
Repayment of lease liability principal	(1,013)	(844)	(286)	(300)	(1,167)
Net cash provided (used in) by financing activities	115,669	6,209	(1,609)	1,168	6,046
Increase (decrease) in cash and cash equivalents	96,355	3,327	(8,868)	955	3,962
Balance of cash and cash equivalents at Beginning of period	8,195	4,412	113,050	7,029	4,412
Losses from exchange differences on cash and cash equivalents	(717)	(63)	(612)	(306)	(222)
Gains (losses) from translation of cash and cash equivalents of foreign activity	(29)	39	234	37	43
Balance of cash and cash equivalents at end of period	103,804	7,715	103,804	7,715	8,195

The accompanying notes are an integral part of the condensed financial statements.

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Appendix A – adjustments required to reflect the cash flows from operating activities:	**Nine months ended September 30**		**Three months ended September 30**		**Year ended December 31**
	2021	**2020**	**2021**	**2020**	**2020**
	(Unaudited)				**(Audited)**
	U.S. dollars in thousands				
Adjustments in respect of:					
Depreciation and amortization	5,331	4,354	1,898	1,434	5,908
Retirement benefit obligation, net	86	(48)	37	-	106
Income taxes	(134)	(93)	(50)	(34)	(230)
Financing expenses, net	1,541	776	807	821	3,428
Expenses (income) in respect of long-term employee benefits	149	(55)	42	(216)	5
Share in losses of associate company	124	-	67	-	-
Expenses in respect of share-based payment	5,354	1,729	2,789	694	2,965
Total adjustments	12,451	6,663	5,590	2,699	12,182
Changes in operating asset and liability items:					
Increase in restricted cash in respect of processing activity	(5,021)	(8,609)	(137)	(5,614)	(11,930)
Decrease (increase) in receivables from processing activity	(7,064)	(378)	(1,218)	(2,973)	5,003
Decrease (increase) in trade receivables	(1,157)	(3,252)	823	(4,922)	(3,894)
Decrease (increase) in other receivables	(2,177)	371	(1,971)	(42)	(389)
Decrease (increase) in inventory	(2,334)	(911)	(2,251)	94	(511)
Increase in payables for processing activity	19,570	9,811	2,357	9,822	7,203
Increase (decrease) in trade payables	(1,136)	951	2,711	2,261	3,154
Increase in other payables	1,916	1,093	266	868	1,753
Total changes in operating asset and liability items	2,597	(924)	580	(506)	389
Total adjustments required to reflect the cash flow from operating activities	15,048	5,739	6,170	2,193	12,571

Appendix B – Information regarding investing and financing activities not involving cash flows:	**Nine months ended September 30**		**Three months ended September 30**		**Year ended December 31**
	2021	**2020**	**2021**	**2020**	**2020**
	(Unaudited)				**(Audited)**
	U.S. dollars in thousands				
Purchase of property, plant and equipment on credit	-	-	-	-	575
Acquisition of patents against offset of loan	-	741	-	741	806
Recognition of right-of-use asset in respect of lease of buildings against a lease liability	1,567	1,235	24	1,235	1,235
Capitalized development costs	720	518	410	203	883
Exercised options against other receivables	428	-	428	-	-

The accompanying notes are an integral part of the condensed financial statements.

NOTE 1 - GENERAL

a. Nayax Ltd. (hereinafter: the “Company”) was incorporated in January 2005. The Company provides transaction processing and business operations solutions and services via a global platform. The Company markets the systems it developed in more than 50 countries worldwide (including Israel) through subsidiaries (the Company and the subsidiaries are referred to hereinafter: the “Group”) and through local distributors.

The Company is a public entity and its shares have been traded on the Tel Aviv Stock Exchange (TASE) since May 2021 (for more information about the initial public offering, see note 10 below).

b. The COVID crisis

In December 2019, the COVID-19 pandemic broke out in China, which quickly spread worldwide in early 2020, causing global economic uncertainty and distress due to mandatory shut-downs of many businesses, slower manufacturing and disruption of national and international shipments and travel (hereinafter: "COVID"), while on the other hand, significantly increased global demand for different electronic products. This trend coupled with the slowdown in manufacturing, created a global shortage for the components required to make many electronic products.

As part of the efforts to cope with COVID, most countries worldwide imposed certain restrictions on their populations, including limits on movement, gathering in the public space; caps on the numbers of employees allowed in workplaces and more. Those restrictions have had a direct impact on many industries, with some of them experiencing complete halt.

Such global shortage in the availability of components started to adversely affect the gross profit rate from selling the hardware during third quarter of 2021, due to an increase in the price of many components used by the Company for manufacturing its hardware products, some of them significantly.

At this stage, the Group is unable to assess the impact of COVID going forward. This depends, among others, on the scope and intensity of the pandemic globally, and whether the crisis is close to conclusion in the coming quarters or it is probable to continue over a longer term.

NOTE 2 - BASIS OF PREPARATION OF CONSOLIDATED CONDENSED FINANCIAL INFORMATION

a. The interim condensed consolidated financial information of the Partnership as of September 30, 2021 and for the nine and three-month interim periods ended on that date (hereinafter: "the Interim Financial Information") was prepared in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" (hereinafter – "IAS 34") and the additional disclosure required under Chapter D of the Securities Regulation (Periodic and Immediate Reports), 1970. The Interim Financial Information does not include all the information and disclosures required in annual financial statements. The Interim Financial Information should be read in conjunction with the 2020 consolidated annual financial statements of the Company, prepared in accordance with International Financial Reporting Standards (hereinafter – the "annual financial statements"), which are standards and interpretations published by the International Accounting Standards Board (hereinafter: the IFRS Regulations), and include the additional disclosure required by Securities Regulations (Annual Financial Statements), 2010.

The revenue of the Group and its results of activity in the nine and three-month periods ended September 30, 2021, do not necessarily provide indication of the results that can be expected in the year ended December 31, 2021.

NOTE 2 - BASIS OF PREPARATION OF CONSOLIDATED CONDENSED FINANCIAL INFORMATION (continued)

b. Estimates

The preparation of Interim Financial Information requires management to exercise its judgment and to use significant accounting estimates and assumptions that affect the application of the Group's accounting policy and the amounts of reported assets, liabilities, income and expenses. Actual results may materially differ from those estimates.

In preparation of the condensed financial information, the significant accounting judgment exercised by management in implementing the accounting policy of the Group and the uncertainty associated with key sources of estimates are identical to those in the consolidated annual financial statements for the year ended December 31, 2020.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies and calculation methods that have been applied in the preparation of the interim financial information are consistent with those used in the preparation of the Group's 2020 consolidated annual report, excluding the following:

a. Taxes on income

The calculation of taxes on income in the interim period is based on the best estimate of the weighted average of the expected tax rate for the fiscal year.

b. Associates (see note 5b)

An associate is an entity over which the Group exercises significant influence, but not control, which is usually expressed in holding 20%-50% of the voting rights. The investment in an associate is accounted for by the equity method.

c. The equity method (see note 5b)

According to the equity method of accounting, the investment is initially recognized at cost and its carrying amount varies such that the Group recognizes its share of the associate's earnings or losses from acquisition date.

Goodwill relating to associates and joint ventures is included in the investment’s carrying amount and tested for impairment as part of the entire investment.

The Group’s share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there are any indications that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment (the higher of the value in use and the fair value less costs to sell) and its carrying amount and recognizes the impairment amount in the income statement.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets at fair value through profit or loss (see notes 5b and 5c)

Classification

Financial assets at fair value through profit or loss are financial statements not classified into one of the categories of financial assets at amortized cost or financial assets at fair value through other comprehensive income. They are classified as non-current assets, unless management intends to dispose of the investment therein within 12 months after the statement of financial position date, or their redemption dates do not fall 12 months or more after the statement of financial position date, in which case they are classified as current assets.

Recognition and measurement

Financial assets measured at fair value through profit or loss are initially recognized at fair value and transaction costs are carried to income or loss. Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in income or loss under “financing income” or “financing expenses”, as applicable, in the period in which they are incurred.

e. New standards and amendments to existing standards that are not yet in effect and which the Group elected not to adopt early

The Group's 2020 consolidated annual financial statements present information about an amendment to an existing IFRS that is not yet effective and that the Group elected not to adopt early. This note refers to amendments to existing standards published after the Group's 2020 annual financial statements were published.

1. Amendment to IAS 1 "Presentation of Financial Statements" (hereinafter: "Amendment to IAS 1")

   The Amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

   The amendments clarify that accounting policy information is expected to be material if, without it, users of an entity’s financial statements would be unable to understand other material information in the financial statements. Additionally, the amendment clarifies immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

   The Amendments to IAS 1 is applicable retrospectively for annual periods beginning on or after January 1, 2023. According to provisions of the Amendment, early adoption is permitted. Initial application of the Amendment to IAS 1 is not expected to have material impact on the Group's consolidated financial statements.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

e. New standards and amendments to existing standards that are not yet in effect and which the Group elected not to adopt early (continued)

2. Amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (hereinafter: "Amendment to IAS 8")

   The amendments to IAS 8 clarify how entities should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events, and also to present events and present transactions.

   The Amendments to IAS 8 will be applied retrospectively for annual periods beginning on or after January 1, 2023. According to provisions of the Amendments, early adoption is permitted. Initial application of Amendments to IAS 8 is not expected to have material impact on the Group's consolidated financial statements.

NOTE 4 - REVENUE

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2021	**2020**	**2021**	**2020**	**2020**
	(Unaudited)				(Audited)
	U.S. dollars in thousands				
Sale of end units and others	34,330	23,336	11,276	10,191	35,414
Service revenues	24,932	18,083	9,000	6,696	25,127
Processing revenues	25,439	12,758	10,650	5,191	18,242
Total	84,701	54,177	30,926	22,078	78,783

NOTE 5 - BUSINESS COMBINATIONS AND HELD ENTITIES

a. Agreement to acquire Weezmo Technologies Ltd (a company included in consolidation for the first time in the Reporting Period)

On January 7, 2021 (hereinafter: the "Acquisition Date"), the Company entered into an agreement with Weezmo Technologies Ltd. ("Weezmo"), which is active in the interactive receipts business in Israel and worldwide, and with seven of Weezmo shareholders and five option holders, according to which the Company acquired preferred shares from three Weezmo shareholders (hereinafter: the "Sellers"), representing 36.13% (31.59% on a fully-diluted basis) of Weezmo's issued share capital. According to the agreement, the consideration to two of the Sellers will be a total of $300 thousand in cash, such that on Acquisition Date, the Company paid $100 thousand and three months after Acquisition Date it paid an additional amount of $200 thousand (hereinafter: the "Cash to Two of the Sellers") in exchange for 5.78% (5.06% fully diluted) of Weezmo's issued share capital.

NOTE 5 - BUSINESS COMBINATIONS AND HELD ENTITIES (continued)

a. **Agreement to acquire Weezmo Technologies Ltd (a company included in consolidation for the first time in the Reporting Period)** (continued)

The consideration to the third Seller (hereinafter: the "Third Seller") is $3.2 million in cash or alternatively through issue of 1,909,716 ordinary shares of the Company to the Third Seller (hereinafter: the "Liability to the Third Seller"), at the discretion of the Company, with the number of shares issued under that alternative being subject to adjustments, as described in the agreement.

In addition, each of Weezmo's additional shareholders (including option holders) with whom the Company entered into the agreement (hereinafter: the "Joining Shareholders") granted the Company a call option to purchase all the ordinary shares of Weezmo or the options held by them (representing a 43.73% stake, or 41.68% on a fully-diluted basis) (hereinafter: the "Call Options"). The Call Options can be exercised by the Company during the thirty-six-month period starting on Acquisition Date. In general, the consideration to all Joining Shareholders for an exercise of the Call Options will be a cash amount of $2.6 million, or alternatively, through an issue of 1,706,213 ordinary shares of the Company to the Joining Shareholders, at the Company's discretion, with the number of shares issued under this alternative being subject to adjustments, as described in the agreement. However, in certain circumstances as stipulated by the agreement, the Joining Shareholders had the right to require the Company to pay some of the consideration in cash.

In addition, the Company granted each of the Joining Shareholders a put option to sell to the Company all shares of Weezmo they hold (hereinafter: the "Put Options"). The Put Options can be exercised by each of the Joining Shareholders starting from the Acquisition Date until the earlier of: (a) 36 months after Acquisition Date (or until another date to be agreed in writing between the Company and any Joining Shareholder); and (b) closing of an initial public offering of the Company's shares (hereinafter: "IPO"); and (c) the closing of the sale of all or substantially all shares of the Company to a third party ("Exit"). As a general rule, the consideration to all Joining Shareholders for the exercise of the Put Options will be $2.6 million in cash or alternatively an allotment of 1,455,301 ordinary shares of the Company to the Joining Shareholders, at the discretion of the Company, with the number of shares issued under that alternative being subject to adjustments, as described in the agreement.

Notwithstanding the above, to the extent that the Put Options are exercised before and subject to closing an IPO or an Exit by Nayax, the number of shares the Company would allot to the Joining Shareholders is a total 1,580,758 ordinary shares. Even in this case, under certain circumstances that are detailed in the agreement, the Joining Shareholders may demand that the Company pay some of the consideration in cash.

Note that the election of the Company to pay in cash to Put and Call Option holders is limited to a period of six months, from Acquisition Date.

On Acquisition Date, the Company received all voting rights of the Sellers and the Joining Shareholders, and also received and exercised the right to appoint all directors on the board of Weezmo. Accordingly, beginning on Acquisition Date, the Company controls Weezmo and includes it in the consolidated financial statements.

The portion of Weezmo's income attributed to owners of the Company also includes the portion of non-controlling interest to whom the Company issued the Put Options and from whom it received the Call Options. Accordingly, the rate of non-controlling interests reflected in the Company's consolidated financial statements of Acquisition Date is approximately 20%.

NOTE 5 - BUSINESS COMBINATIONS AND HELD ENTITIES (continued)

a. Agreement to acquire Weezmo Technologies Ltd (a company included in consolidation for the first time in the Reporting Period) (continued)

The consideration for the business combination comprises a number of elements, as follows:

- The Cash to Two of the Sellers, as defined above;
- The Liability to the Third Seller, as defined above; and
- The liability for the arrangement that includes the Put Options and Call Options, as defined above.

The Company recognized financial liabilities for the Liability to the Third Seller and its liability for the arrangement that includes the Put Options and the Call Options. The Company elected to allocate the entire Put and Call Options instrument as financial liability measured at fair value through profit or loss, as permitted by IFRS 9 to account for a financial liability with an embedded derivative.

In practice and as described below, the Company opted to pay in cash the entire consideration for Weezmo's shares.

The fair value of the liability to the Third Seller and the liability to the overall put and call options arrangement as of the Acquisition Date and close to the date of actual payment was $5.3 million and $5.8 million, respectively. The difference, at $0.5 million, was recognized in the "financial expenses" item in the income statement.

The Company engaged with an external valuer for measuring the fair value of acquisition consideration and its allocation to the assets acquired and liabilities assumed in the acquisition.

The following table presents the consideration for the acquisition of Weezmo, the non-controlling interests and the amounts recognized for assets acquired and liabilities assumed on acquisition date, at fair value:

	USD in thousands (Unaudited)
The Cash to Two of the Sellers	300
The Liability to the Third Seller	2,937
The liability for the arrangement that includes the Put Options and Call Options	2,386
Total consideration	5,623
Amounts recognized on acquisition date:	
Cash and cash equivalents	202
Trade and other receivables	98
Property, plant and equipment	3
Trade payables	(25)
Other Payables	(240)
Technology	769
Customer relations	2,478
Deferred tax liability	(747)
Total identifiable assets, net	2,538
Goodwill (*)	4,615
Less non-controlling interests (**)	(1,530)
Total Consideration	5,623

NOTE 5 - BUSINESS COMBINATIONS AND HELD ENTITIES (continued)

a. Agreement to acquire Weezmo Technologies Ltd (a company included in consolidation for the first time in the Reporting Period) (continued)

(*) Goodwill is not deductible for tax purposes and arises mainly from projected synergies with activities of the Group and from workforce that does not qualify for recognition as a separate asset.
(**) Non-controlling interests were measured at fair value on acquisition date.

During the reported period, Put Options representing 43.73% of Weezmo's share capital (41.68% on a fully diluted basis) were exercised in exchange for $2.6 million in cash, and the consideration to the Third Seller totaling $3.2 million was paid.

In May 2021, an agreement was signed with all holders of non-controlling interests whereby the Company acquired their entire interest in Weezmo for $1.3 million, payable in nine cash installments. Through September 30, 2021, an amount of $790 thousand was paid. Consequently, the Company's interest in Weezmo increased to 100%.

The additional revenue included in the consolidated income statement since Acquisition Date resulting from consolidating Weezmo's results was $375 thousand and $151 thousand in the nine and three months ended September 30, 2021 (unaudited), respectively. Additionally, the consolidation of Weezmo resulted in an increase of $252 thousand and $190 thousand in the loss for the nine and three months ended September 30, 2021 (unaudited), respectively.

b. Agreements for the acquisition of the shares of Tigapo Ltd.

On February 4, 2021, the Company entered into a memorandum of understanding (hereinafter: "the First Memorandum of Principles") with Tigapo Ltd. (hereinafter: "Tigapo"), which is developing a smart, cloud-based system for management of gaming arcades.

According to the First Memorandum of Principles, the Company invested $300 thousand in Tigapo under a Simple Agreement for Future Equity (SAFE) against a right for allotments of shares in a future investment event in Tigapo at an amount that may not be less than $1.5 million.

In May 2021, the Company acquired Tigapo shares constituting 33.39% (fully diluted) of its capital from a number of shareholders in consideration for a cash payment of $2.1 million (hereinafter: the "Existing Shares").

In the third quarter of 2021, an acquisition agreement was signed in which the Company increased its interest in Tigapo for a $6.8 million consideration, composed of a number of elements, as indicated below:

- $4 million in cash (hereinafter: the "Additional Investment Amount");
- Conversion of the investment in SAFE, as indicated above;
- Revenue in advance for future consulting services by the Company to Tigapo in the Company's areas of expertise, as well as granting a license to use the Nayax brand name;
- The Company issued to Tigapo a put option enabling an additional investment of up to $1 million under the same terms applied to the Additional Investment Amount (hereinafter: the "Liability for Put Option"). The put option is a liability financial instrument measured at fair value through profit or loss.

NOTE 5 - BUSINESS COMBINATIONS AND HELD ENTITIES (continued)

b. Agreements for the acquisition of the shares of Tigapo Ltd. (continued)

- A put option granted by the Company to the remaining shareholders for the sale of the remaining shares of Tigapo and a call option that the semaining shareholders of Tigapo granted the Company to acquire the remaining shares of Tigapo (hereinafter: the "Liability for overall arrangement of put option and call option"). The options are accounted for as a financial liability and a financial asset, respectively, both measured at fair value through profit or loss. The Company presents an asset and a liability for the overall arrangement of the put and call options, which are presented as a net item in the financial statements.

After entering into the agreement discussed above, the Company holds shares of Tigapo, representing 53.55% of its issued share capital (fully diluted). The other shareholders of Tigapo have substantial rights in relation to relevant activities of the investee, which prevents the Company from gaining control over Tigapo. Therefore, the investment is accounted for as an investment in an associate using the equity method.

The Company engaged with an external valuer for calculating the fair value of acquisition consideration and its allocation to the assets acquired and liabilities assumed under the acquisition. The following table presents the increase in the overall investment in the third quarter of 2021:

	U.S. dollars in thousands
	(Unaudited)
Cash for the Additional Investment Amount	4,000
Investment in SAFE	300
Revenue in advance	312
Liability for Put Option	372
Liability for overall arrangement of put option and call option	1,777
Total consideration	6,761

The financial instruments are measured at fair value and included under level 3. The valuation is performed once quarterly by an external valuer.

As of the date of signing these financial statements, the allocation of the assets acquired and liabilities assumed as part of the acquisition has not yet been finalized, and changes may be made in the allocation of acquisition cost as aforesaid within up to one year from Acquisition Date.

The share of the Company in losses of associates accounted for by the equity method amounted to $124 thousand and $67 thousand in the nine and three months ended September 30, 2021 (unaudited), respectively. Tigapo is a private company and its shares do not have a quoted market price.

NOTE 5 - BUSINESS COMBINATIONS AND HELD ENTITIES (continued)

c. A cooperation agreement for the creation of Nilus Ltd.

On December 10, 2020, Nayax Retail Ltd (hereinafter: "Nayax Retail"), a subsidiary of the Company, engaged with some of the largest distribution companies in the Israeli economy, including Bar Marketing and Distribution Holdings Ltd, Diplomat Distributors (1968) Ltd, Leiman Schlussel Ltd and Guri A.A.O. Ltd, in a cooperation agreement by was of a shareholders' agreement for the incorporation of a new company called Nilus for Businesses Ltd. (hereinafter: "Nilus"), with Nayax Retail holding 12% of Nilus's issued and paid-up capital. The purpose of the venture is to create a digital platform to enable manufacturers and suppliers, including partnerships in that venture, to provide goods and services to retailers, including small and remote ones, who due to their size or geographical location encounter operational problems in supplying goods to their stores, and provide logistics services in connection with such supply.

In May and August 2021, the shareholders extended a shareholders' loan to Nilus at the total amount of NIS 12 million (approximately $3.7 million), with Nayax Retail's share in the loan amounted to NIS 1,440 thousand (approximately $446 thousand) (hereinafter: the "Shareholders' Loan").

The amount of the Shareholders' Loan bears annual interest at the maximum rate set in Section 3(j) to the Income Tax Ordinance. The loan (principal and interest) is repayable in one installment within 36 months from the date of signing the Loan Agreement. Nevertheless, Nilus is entitled to extend the term of the loan for additional periods at its discretion.
The amount paid is presented under "long-term receivables" in the statement of financial position as of September 30, 2021. The loan is accounted for as a financial asset at fair value through profit or loss.

d. Restructuring of the Company and Dually Ltd.

According to an agreement signed between the controlling shareholders of the Company, the Company and Dually, according to an in-agreement tax ruling that was received from the Israel Tax Authority, and after receiving an approval from the Company's board of directors and the shareholders meeting dated April 1, 2021, a three-part restructuring process was performed on April 1, 2021 (which is tax exempt under the provisions of Sections 104B, 103T and 104C to the Income Tax Ordinance [New Version] (the "Ordinance"), as detailed in note 31c to the 2020 consolidated financial statements the end result of which was that all shares of Dually were transferred to the Company (such that Dually became a wholly owned subsidiary of the Company), and 281,202,800 dormant shares (as this term is defined by Section 308(a) of the Companies Law) were created. On April 1, 2021, the Company eliminated all said dormant shares.
Following the above, the Company consolidates Dually's financial statements as from April 1, 2021.

The restructuring is accounted for in the Company's financial statements as a business combination under common control in accordance with the historical values method. As a result of the first-time consolidation, a total of $316 thousand was recognized in cash and cash equivalents

The net identifiable assets that were recognized on acquisition date were recognized against the equity attributed to Company's shareholders.

The additional income included in the consolidated statement of income or loss from Acquisition Date as a result of the consolidation of Dually's results amounted to $1,235 thousand and $626 thousand in the six and three-month periods, respectively, through September 30, 2021. Furthermore, the consolidation of Dually's results caused a $598 thousand and $315 thousand decrease in loss during the six and three-month periods, respectively, from restructuring date through September 30, 2021.

NOTE 5 - BUSINESS COMBINATIONS AND HELD ENTITIES (continued)

e. Nayax Retail Ltd (formerly: UPITec Software Ltd.)

As discussed in note 6b to the annual consolidated financial statements (hereinafter in this section: "Note 6b"), according to an agreement for the acquisition of the shares of Nayax Retail Ltd (hereinafter: "Nayax Retail"), the remaining shares, representing a 49% interest in Nayax Retail, were supposed to be acquired by the Company over five years, for an aggregate consideration of NIS 4.9 million (approx. $1.5 million), payable in five equal installments (hereinafter: the “Additional Consideration”).

Additionally, as disclosed in Note 6b, in the event of a qualifying transaction (as defined in the agreement), the additional acquisitions would be accelerated, and performed within 14 business days from the date of the qualifying transaction. Accordingly, and given the completion of the initial public offering by the Company (see note 10), the entire additional consideration, as above, was paid at the end of May 2021 against the transfer of all of Nayax Retail’s shares to the Company. As described in the Company's annual consolidated financial statements, the Nayax Retail acquisition was accounted for as acquisition of the entire share capital of that entity, with a corresponding recognition of a liability for the forward contract.

f. Modularity Technologies Ltd

According to note 6a(4) to the annual consolidated financial statements, NIS 1 million (approx. $0.3 million) was supposed to be paid by the Company within 30 days from the closing of a transaction, in which the company would raise capital of at least NIS 20 million, subject to eligibility and depending on the continuation of employment. Accordingly, in light of the completion of an initial public offering by the Company (see note 10), and given the fact that on the date of IPO completion some of the sellers were no longer with the Company, the payment of NIS 0.5 (approx. $0.15 million) was paid after balance sheet date.

NOTE 6 - LOANS AND OTHER LONG-TERM LIABILITIES

a. As stated in note 18 to the 2020 consolidated financial statements, in February 2020, the Group received a €3.5 million ($3.8 million) loan from a processing entity. In March 2021, following the COVID crisis, the Company received an approval to defer repayment of the said loan by six months. The change in the terms of the loan, as above, did not have a material impact on the consolidated financial statements of the Company.

b. Further to note 1d to the 2020 consolidated financial statements, in the reported period, two loans totaling $483 thousand were forgiven. Accordingly, these loans were derecognized against a decrease in the payroll expenses in respect of which the loans were received.

c. Further to note 17c to the 2020 consolidated financial statements, the Company’s financial covenants were cancelled in respect to short-term borrowings and long-term loans.

NOTE 7 - FINANCIAL INSTRUMENTS AND RISKS

Fair value of financial assets and financial liabilities

The carrying amounts of all financial assets and financial liabilities in the Company's statement of financial position reasonably approximate their fair value.

NOTE 8 - SHARE-BASED PAYMENT

a. January 7, 2021 award

On January 7, 2021, the Company allotted to two employees of the Company 400,000 options each (a total of 800,000 options) under the 2018 Plan (as defined in note 21c to the consolidated annual financial statements).

The vesting period of the options is four years, where 25% of the options vest on the first anniversary of grant date, and after that, additional 6.25% of the options vest on the last day of each subsequent calendar quarter. Options not vested by the fifth anniversary of grant date will expire.

The 400,000 options have an exercise price of $0.67 (hereinafter: "Part A Options") and 400,000 options have an exercise price of the par value of the shares (NIS 0.0001) and also include accelerated vesting in the event of an IPO or at the termination of the employee's service, meaning that they vested upon completion of the IPO of the Company (hereinafter: "Part B Options") (see note 10 below).

b. March 24, 2021 award

On March 24, 2021, the Company allotted 2,825,000 options to employees of the Company and subsidiaries under the 2018 Plan (as this term is defined by note 21c to the annual consolidated financial statements). The exercise price of 2,530,000 options is $0.67 each (hereinafter: "Part C Options") and the exercise price of 295,000 options that were allotted to employees of subsidiaries in the US is $1.95 each (hereinafter: "Part D Options").

The vesting period of the options is five years, with 20% of the options vest on the first anniversary of grant date, and after that, additional 5% of the options vest on the last day of each subsequent calendar quarter. Options not vested by the end of the quarter following the end of vesting period will expire.

c. May 13, 2021 award

On May 13, 2021, the Company allotted Mr. Yair Nechmad and Mr. David Ben Avi 7,250,000 options each, which are convertible into ordinary Company shares. The options shall vest over a five-year period (through 2025), subject to attaining the following targets:

a. To the extent that revenue growth of the Company in any given calendar year over the preceding calendar year (beginning in 2021, relative to 2020) is at least 30%, and subject to a gross profit rate of not less than 40% in that calendar year, 750,000 options will vest and be exercisable into ordinary shares of the Company over a five-year period.

b. Additionally to the options vested in accordance with paragraph a. above, for revenue growth of the Company in any given calendar year over the preceding calendar year (beginning in 2021, relative to 2020) of at least 30% and up to 45%, and subject to a gross profit rate of not less than 40% in that calendar year, up to 700,000 additional options will vest and be exercisable into ordinary shares of the Company over a five-year period, with the number of options vesting under this paragraph calculated linearly, based on the revenue growth rate of between 30% and 45% over the previous year.

Should the Company fail to meet the targets set out above in a certain calendar year, the options attributed to that calendar year will expire.
The exercise price of the said options will be the price set for the Company’s share as part of the IPO (see note 10 below).
The total expense recognized in respect of this award in the third quarter of 2021 is $ 1,718 thousand.

NOTE 8 - SHARE-BASED PAYMENT (continued)

d. August 22, 2021 award

On August 22, 2021, the Company's board of directors approved an allotment to employees of the Company and subsidiaries and to service providers of 1,967,500 options under the 2018 Plan (as defined in note 21c to the annual consolidated financial statements) and of 500,000 restricted share units (RSUs), with an exercise price is $3.06 per each option.

The vesting period of the options and RSUs is five years, with 20% of the options vesting on the first anniversary of grant date, and after that, additional 5% of the options vest on the last day of every subsequent calendar quarter. Options not exercised by the end of the quarter following the end of vesting period will expire.

The Company used the Black and Scholes option pricing model to measure the fair value of the share options on award dates. The key assumptions used by the Company in this model and the fair value of each option are as follows:

Allotment date	Expected term	Risk-free interest rate	Average standard deviation	Fair value
January 7, 2021 – Part A Options	5	0.46%	51.22%	0.53
January 7, 2021 – Part B Options	5	0.46%	51.22%	0.97
March 24, 2021 – Part C Options	5.25	0.88%	50.30%	1.41
March 24, 2021 – Part D Options	5.25	0.88%	50.30%	0.87
May 13, 2021	5.88-6.88	1.05%-1.28%	53.84%-54.67%	1.62-1.72
August 22, 2021 – Options	5.25	0.83%	54.54%	1.55
August 22, 2021 – RSUs	-	-	-	3.17

The share price used to measure the fair value of the options awarded in January, March, May and August 2021 is $0.97, $1.95, $3.19 and $3.17, respectively.

In respect of employees and officers in Israel, all plans described above are supposed to be managed under the rules of the capital option, as set out in Section 102 of the Income Tax Ordinance.

The allotments to Israelis who are not employees and the May 2021 award are subject to Section 3(i) to the Income Tax Ordinance.

Overseas employees and service providers are subject to tax laws in their respective countries.

e. Further to note 21c to the annual consolidated financial statements (hereinafter in this paragraph: "Note 21c"), and in light of completing an initial public offering by the Company (see note 10 below):

(1) In the reported period, the Company recognized an expense of $221 thousand in respect of the 2013 Options benefit balance (as defined in Note 21c), which were replaced by 2018 Options (as defined in Note 21c), in accordance with the 2013 Options' original vesting period prior to their replacement by the 2018 Options.

(2) In the reported period, the Company recognized an expense of $509 thousand in respect of the 2013 Options benefit balance (as defined by Note 21c), which were not replaced by 2018 Options, and whose vesting was conditional upon the occurrence of an IPO.

NOTE 9 - RELATED PARTIES

a. Transactions with related and interested parties

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)				(Audited)
	USD in thousands				
Salary and payments to interested parties and related parties employed by the Company	1,464	702	450	206	1,519
Number of interested parties to which the benefits relates	8	7	8	7	8
Dually (related company) – revenues from sales and provision of services	900	2,170	-	1,015	3,520
Shareholders – interest expenses, net	234	39	27	33	27

b. Balances with related and interested parties

	September 30		December 31
	2021	2020	2020
	(Unaudited)		(Audited)
	USD in thousands		
Trade receivable - Dually	-	1,130	1,248
Other receivables - shareholders	322	-	61
Loans to interested parties	16	41	44
Trade payables – related companies	117	34	27
Loans from shareholders	-	15	-
Other payables	40	20	-

c. Employment terms of Mr. Yair Nechmad and Mr. David Ben-Avi

(1) As indicated in note 29(6) to the 2020 consolidated financial statements, on March 10, 2021, the Board of Directors and the general meeting of the shareholders of the Company approved a revision to the terms of engagement between the Company and interested parties, effective January 1, 2021, as follows:

a. The management fee of Mr. Yair Nechmad, CEO of the Company, through Yair Nechmad Ltd, was changed to a monthly cost of NIS 150 thousand, instead of NIS 50 thousand.

b. The management fee of Mr. David Ben Avi, CTO of the Company, through David Ben Avi Holdings Ltd, was changed to a monthly cost of NIS 150 thousand, instead of NIS 50 thousand.

On May 4, 2021, the Board of Directors and general meeting of the Company approved engagement in revised service agreements with Mr. Yair Nechmad and Mr. David Ben Avi, in which the monthly management fee of each of them was revised to NIS 140,000, beginning on the date completing the IPO on the Tel Aviv Stock Exchange, i.e. May 13, 2021 (see note 10 below). This amount is to increase each calendar year by 2.5%.

(2) For more information about the share-based payment to Mr. Yair Nechmad and Mr. David Ben-Avi, see note 8c above.

NOTE 9 - RELATED PARTIES (continued)

d. Shareholders loans

Mr. Amir Nechmad, through Ofer R.G Ltd. (a company wholly owned by Mr. Amir Nechmad), provided shareholders' loans to the Company in the Reporting Period that carried an annual interest of 6%, and with an aggregate amount of $7.6 million. According to the terms of the loan agreements, Ofer R.G Ltd had a right to call the loans at any time, but provided that the Company received a ten business days' advance notice.

In May 2021, the Company fully repaid the above shareholders' loans.

e. Credit line

In April 2021, Mr. Amir Nechmad, through Ofer R.G Ltd, provided the Company a $2 million credit line, from which the Company was able to draw at any time. Amounts drawn by the Company, as above, carried annual interest of 6%. According to the terms of the credit line, Ofer R.G. Ltd had a right to call loans taken at any time, but provided that the Company is provided a ten business days' advance notice.

In June 2021, the Company repaid the full amount it utilized out of the credit line totaling $1.3 million.

NOTE 10 - INITIAL PUBLIC OFFERING

On May 13, 2021, the Company completed an initial public offering (IPO) in which it sold 44 million ordinary shares of NIS 0.0001 par value each for a gross amount, before issuance costs, of $141.6 million and $132.5 million net of issuance costs.

Additionally, as part of the IPO, 19.5 million ordinary shares of the Company were sold by Mr. Yair Nechmad, Mr. Amir Nechmad and Mr. David Ben-Avi for $62 million.

Following completion of the IPO, as above, the Company’s shares are traded on the Tel Aviv Stock Exchange (TASE).

The IPO was a non-uniform offering, as this term is defined by Securities Regulations (Manner of Offering Securities to the Public), 2007, to institutional investors in Israel and outside of Israel.

Furthermore, subsequent to the IPO, the Company decided to pay bonuses in respect of the IPO to a number of its employees at a total of $880 thousand, which is presented under the “other expenses, net” item in the statement of income.

NOTE 11 - ADDITIONAL EVENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD

a. Contingent liability

As described in note 30b to the 2020 consolidated financial statements, in 2020, Had Ness South Marketing 2015 Ltd. (hereinafter - the "Plaintiff") filed a motion to certify a class action against Nayax Retail and two other respondents (hereinafter - the "Motion").

In June 2021, the Plaintiff filed a motion to withdraw in accordance with the Court’s recommendation. Accordingly, in July 2021, the Court approved the motion to withdraw and ruled that the proceedings will be terminated by withdrawal in accordance with the provisions of Section 16 to the Class Action Law.

As of the date of signing these financial statements, there are no lawsuits pending against the Group.

NOTE 11 - ADDITIONAL EVENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (continued)

b. Engagement in a lease agreement

In June 2021, the Company entered into an agreement for the lease of additional 848 sq. m. of office space, 30 sq. m. of balconies, and a number of parking spaces in the building. The lease period is 72 months starting in June 2021. The monthly lease payment are incremental in respect of each square meter of the office space, plus inflation linkage as follows: no lease will be paid for the first 10 months of the lease period, other than a NIS 94 thousand ($29 thousand) advance payment upon signing the agreement; the monthly lease for the following two months will be NIS 74 thousand ($23 thousand); the monthly lease for the second to fifth years will be NIS 77 thousand ($24 thousand); and NIS 79 thousand ($24 thousand) for the sixth year.

c. Conversion of the Company's shares

In April 2021, all ordinary A shares of NIS 0.0001 par value and all ordinary B shares of NIS 0.0001 par value – both issued shares and shares included in the Company's authorized capital – were converted into ordinary shares of NIS 0.0001 par value each based on a 1:1 ratio, such that subsequent to the conversion, the Company's capital comprises only ordinary shares.

d. Bonus plan

During the Report Period, the Company's management for the first time adopted a remuneration program for all of the Group's employees (apart from salespeople and apart from employees that are relatives of the Company's controlling shareholders) in effect from 1 July 2021. According to the terms of the program, at the beginning of every calendar year (and in the current year at the beginning of the second half of 2021) personal annual targets shall be set for each employee, and pursuant to their fulfillment and to the Company's general targets, the employees shall be entitled to bonuses.

The expense recognized in respect of the compensation plan in the third quarter of 2021 was $777 thousand.

NAYAX LTD

CONDENSED SEPARATE FINANCIAL INFORMATION DISCLOSED IN ACCORDANCE WITH REGULATION 38D TO THE SECURITIES REGULATIONS (PERIODIC AND IMMEDIATE REPORTS), 1970

As of September 30, 2021

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To:
The Shareholders of
Nayax Ltd

Dears Sirs and Madams,

Re: Auditors' report on the review of separate interim financial information in accordance with Regulation 38D to the Israel Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information presented in accordance with Regulation 38D to the Israel Securities Regulations (Periodic and Immediate Reports), 1970 of Nayax Ltd (hereinafter – "the Company") as of September 30, 2021 and for the nine and three-month periods then ended. The Company's Board of Directors and management are responsible for the preparation and presentation of this separate interim financial information in accordance with Regulation 38D to the Israel Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this separate interim financial information based on our review.

Scope of review

Our review was performed in accordance with Israel Review Standard 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Certified Public Accountants in Israel. Review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Auditing Standards generally accepted in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Regulation 38D to the Israel Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv,
November 17, 2021

Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

NAYAX LTD

SEPARATE FINANCIAL INFORMATION DISCLOSED IN ACCORDANCE WITH REGULATION 38D TO THE SECURITIES REGULATIONS (PERIODIC AND IMMEDIATE REPORTS), 1970

ASSETS AND LIABILITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS, ATTRIBUTED SEPARATELY TO THE COMPANY AS PARENT

	September 20		December 31
	2021	**2020**	**2020**
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	86,040	668	1,095
Short-term bank deposits	62	58	62
Investee companies	22,399	15,896	16,971
Related parties	-	1,130	1,247
Accounts receivable:			
Trade, net	4,085	2,136	3,430
Others	3,956	1,297	1,789
Inventory	5,231	2,254	2,179
Total current assets	121,773	23,439	26,773
NON-CURRENT ASSETS:			
Long-term bank deposits	1,056	741	798
Property, plant and equipment, net	4,523	3,943	4,696
Right-of-use assets, net	5,285	4,570	4,396
Intangible assets, net	18,074	16,142	17,653
Net amount attributed to total assets of the parent net of total liabilities, presented in the consolidated financial statements in respect of investee companies, including goodwill	26,467	7,678	7,554
Total non-current assets	55,405	33,074	35,097
TOTAL ASSETS	177,178	56,513	61,870

The accompanying notes are an integral part of these financial statements.

NAYAX LTD

SEPARATE FINANCIAL INFORMATION DISCLOSED IN ACCORDANCE WITH REGULATION 38D TO THE SECURITIES REGULATIONS (PERIODIC AND IMMEDIATE REPORTS), 1970

ASSETS AND LIABILITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS, ATTRIBUTED SEPARATELY TO THE COMPANY AS PARENT

	September 20		December 31
	2021	**2020**	**2020**
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank borrowings	-	8,745	11,589
Current maturities of long-term bank loans	2,403	1,524	1,938
Current maturities of loans from others	3,308	2,434	3,041
Current maturities of other long-term liabilities	774	516	686
Current maturities of leases liabilities	1,178	1,081	1,133
Payables in respect of processing activity	1,456	390	563
Liabilities in connection with acquisition of investees	466	-	-
Accounts payable:			
Trade	10,755	8,141	10,338
Other	5,337	3,196	3,306
Total current liabilities	25,677	26,027	32,594
NON-CURRENT LIABILITIES:			
Long-term bank loans	3,146	5,039	4,908
Long-term loans from others	930	3,347	2,662
Long-term loans from shareholders	-	14	-
Retirement benefit obligation, net	980	615	894
Other long-term liabilities	3,641	2,882	3,374
Lease liabilities	5,462	4,743	4,937
Total non-current liabilities	14,159	16,640	16,775
TOTAL LIABILITIES	39,836	42,667	49,369
Total equity attributed to shareholders of the copany	137,342	13,846	12,501
TOTAL LIABILITIES AND EQUITY	177,178	56,513	61,870

Date of approval of the financial statements: November 17, 2021.

The accompanying notes are an integral part of these financial statements.

NAYAX LTD

SEPARATE FINANCIAL INFORMATION DISCLOSED IN ACCORDANCE WITH REGULATION 38D TO THE SECURITIES REGULATIONS (PERIODIC AND IMMEDIATE REPORTS), 1970

STATEMENT OF COMPREHENSIVE INCOME INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS, ATTRIBUTED SEPARATELY TO THE COMPANY AS PARENT

		Nine months ended September 30		Three months ended September 30		Year ended December 31
		2021	**2020**	**2021**	**2020**	**2020**
		(Unaudited)				**(Audited)**
	Note	**U.S. dollars in thousands**				
Revenues	3	49,942	35,019	17,135	13,937	52,467
Cost of revenues		(28,038)	(18,329)	(10,542)	(7,203)	(27,757)
Gross Profit		21,904	16,690	6,593	6,734	24,710
Research and development expenses		(12,063)	(6,299)	(4,700)	(2,506)	(8,803)
Selling, general and administrative expenses		(19,264)	(11,362)	(7,882)	(3,967)	(14,743)
Amortization in respect of capitalized development costs		(2,169)	(2,421)	(747)	(786)	(3,158)
Other expenses, net		(1,715)	-	(49)	-	-
Loss from ordinary operations		(13,307)	(3,392)	(6,785)	(525)	(1,994)
Finance expense, net		(1,763)	(1,021)	(190)	(353)	(3,700)
Loss after finance expense, net		(15,070)	(4,413)	(6,975)	(878)	(5,694)
Net amount, attributed to owners of the parent, of total revenue less total expenses, presented in the consolidated financial statements in respect of investee companies		299	1,247	240	615	(560)
Loss for the period		(14,771)	(3,166)	(6,735)	(263)	(6,254)
Other Comprehensive income (loss):						
Items that will not be recycled to profit or loss:						
Loss from remeasurement of liabilities (net) for retirement benefit obligations		-	-	-	-	(126)
Items that may be recycled to profit or loss:						
Other Comprehensive income (loss) in respect of investee companies		(10)	112	166	17	243
Total comprehensive loss for the period		(14,781)	(3,054)	(6,569)	(246)	(6,137)

The accompanying notes are an integral part of these financial statements.

NAYAX LTD

SEPARATE FINANCIAL INFORMATION DISCLOSED IN ACCORDANCE WITH REGULATION 38D TO THE SECURITIES REGULATIONS (PERIODIC AND IMMEDIATE REPORTS), 1970

CASH FLOWS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS, ATTRIBUTED SEPARATELY TO THE COMPANY AS PARENT

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)				(Audited)
	U.S. dollars in thousands				
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net loss for the period	(14,771)	(3,166)	(6,735)	(263)	(6,254)
Adjustments required to reflect the cash flow from operating activities (see Appendix A)	3,601	3,069	2,475	70	8,368
Net cash provided by (used in) operating activities	(11,170)	(97)	(4,260)	(193)	2,114
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capitalized development costs	(3,267)	(3,638)	(585)	(1,144)	(5,408)
Acquisition of property, plant and equipment	(1,291)	(1,336)	(763)	(644)	(1,815)
Loans extended to others	-	(76)	-	(33)	(141)
Investments in investee companies	(15,181)	(1,486)	(4,913)	(394)	(2,901)
Repayment of loans to shareholders	61	848	-	-	786
Increase in bank deposits	(258)	(351)	(240)	(136)	(412)
Interest received	2	12	-	5	14
Investments in financial assets	-	-	300	-	-
Proceeds from sub-lessee	158	219	-	76	302
Net cash used in investing activities	(19,776)	(5,808)	(6,201)	(2,270)	(9,575)
CASH FLOWS FROM FINANCING ACTIVITIES:					
IPO	132,560	-	-	-	-
Interest paid	(576)	(755)	(135)	(229)	(733)
Short-term bank credit received (repayment), net	(11,393)	747	-	2,760	3,560
Support received (royalties paid) in respect to government assistance plans	(199)	-	-	-	16
Long-term bank loans received	-	4,367	-	115	4,252
Repayment of long-term bank loans	(1,366)	(713)	(584)	(278)	(1,003)
Long-term loans received from others	-	3,804	-	-	3,804
Repayment of long-term loans from others	(1,230)	(648)	(505)	(164)	(920)
Loans received from shareholders	8,900	14	-	(578)	-
Repayment of loans from shareholders	(8,900)		-	-	-
Decrease in other long-term liabilities	(219)	(131)	(74)	(43)	(74)
Employee options exercised	384	-	249	-	-
Repayment of lease liability principal	(922)	(844)	(286)	(300)	(1,004)
Net cash provided by (used in) financing activities	117,039	5,841	(1,335)	1,283	7,898
Increase (decrease) in cash and cash equivalents	86,093	(64)	(11,796)	(1,180)	437
Balance of cash and cash equivalents at Beginning of period	1,095	649	98,526	1,677	649
Gains (losses) from exchange differences on cash and cash equivalents	(1,148)	83	(690)	171	9
Balance of cash and cash equivalents at end of period	86,040	668	86,040	668	1,095

NAYAX LTD

SEPARATE FINANCIAL INFORMATION DISCLOSED IN ACCORDANCE WITH REGULATION 38D TO THE SECURITIES REGULATIONS (PERIODIC AND IMMEDIATE REPORTS), 1970

CASH FLOWS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS, ATTRIBUTED SEPARATELY TO THE COMPANY AS PARENT

Appendix A – adjustments required to reflect the cash flows from operating activities:	**Nine months ended September 30**		**Three months ended September 30**		**Year ended December 31**
	2021	**2020**	**2021**	**2020**	**2020**
	(Unaudited)				**(Audited)**
	U.S. dollars in thousands				
Adjustments in respect of:					
Losses (profits) in respect of associate company	(299)	(1,247)	(240)	(615)	560
Depreciation and amortization	4,041	3,591	1,371	1,176	4,828
Retirement benefit obligation, net	86	(1)	37	1	152
Financing expenses, net	1,669	834	607	463	2,064
Expenses (income) in respect of long-term employee benefits	149	(55)	42	(216)	5
Expenses in respect of share-based payment	4,463	1,729	2,244	747	2,965
Total adjustments	10,109	4,851	4,061	1,556	10,574
Changes in operating asset and liability items:					
Decrease (increase) in trade receivable	(655)	2,032	10	618	738
Increase in balance of investee companies	(5,428)	(5,406)	(1,612)	(3,482)	(6,481)
Decrease (increase) in related parties	1,247	(155)	-	(551)	(272)
Decrease (increase) in other receivables	(1,753)	90	(1,564)	(203)	(402)
Decrease (increase) in inventory	(3,052)	56	(2,481)	418	131
Increase in payables for processing activity	893	84	668	24	256
Increase in trade payables	417	611	3,061	1,189	2,808
Increase in other payables	1,823	906	332	501	1,016
Total changes in operating asset and liability items	(6,508)	(1,782)	(1,586)	(1,486)	(2,206)
Total adjustments required to reflect the cash flow from operating activities	3,601	3,069	2,475	70	8,368

Appendix B – Information regarding investing and financing activities not involving cash flows:	**Nine months ended September 30**		**Three months ended September 30**		**Year ended December 31**
	2021	**2020**	**2021**	**2020**	**2020**
	(Unaudited)				**(Audited)**
	U.S. dollars in thousands				
Purchase of property, plant and equipment on credit	-	-	-	-	575
Acquisition of patents against offset of loan	-	741	-	741	806
Recognition of right-of-use asset in respect of lease of buildings against a lease liability	1,567	1,235	24	1,235	1,235
Capitalized development costs	720	518	410	203	883
Investment in Investee companies against deferred consideration	-	1,927	-	1,927	1,348
Exercised options against other receivables	428	-	428	-	-

The accompanying notes are an integral part of these financial statements.

NAYAX LTD

SELECTED NOTES AND ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL INFORMATION DISCLOSED IN ACCORDANCE WITH REGULATION 38D TO THE ISRAELI SECURITIES REGULATIONS (PERIODIC AND IMMEDIATE REPORTS), 1970

NOTE 1 – BASIS OF PREPARATION OF SEPARATE FINANCIAL INFORMATION DISCLOSED IN ACCORDANCE WITH REGULATION 38D TO THE ISRAELI SECURITIES REGULATIONS (PERIODIC AND IMMEDIATE REPORTS), 1970:

a. Definitions

"The Company" – Nayax Ltd.

"The separate financial information" – Separate financial information disclosed in accordance with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

Unless otherwise stated, all the terms used within the scope of the separate interim financial information have the same meaning as assigned to them in the Company's consolidated financial information as of September 30, 2021 and the nine-month and three-month periods then ended (hereafter – "the condensed consolidated financial statements").

"Investee company" – A subsidiary, associate or joint venture.

"Subsidiary" – A subsidiary or joint venture accounted for using the proportionate consolidation method.

"Intercompany transactions" – Transactions of the Company with its subsidiaries or with joint ventures accounted for using the proportionate consolidation method.

"Intercompany balances", "intercompany income and expenses", "intercompany cash flows" – Balances, income or expenses, and cash flows, as applicable, resulting from intercompany transactions that were eliminated in the consolidated financial statements.

b. The significant accounting policies applied in the condensed separate financial information

The accounting policy in this condensed separate financial information is consistent with the accounting policies detailed in the separate financial information as of December 31, 2020.

c. Incorporation and activity

Nayax Ltd. (hereafter: the "**Company**") was incorporated in January 2005 and began its business activity in September 2006. The Company provides a global platform providing solutions and services for transaction processing and business operations. The Company markets the systems it developed in more than 50 countries worldwide (including Israel) through subsidiaries and local distributors.

d. Manner of preparation of separate financial information in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

The separate financial information has been prepared in conformity with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 (hereafter – "Regulation 38D") including all the particulars specified in the Tenth Addendum to the said Regulations (hereafter – "the Addendum"), and subject to the clarifications specified in "Clarification Regarding the Corporation's Separate Financial Statements", which was published on the website of the Israeli Securities Authority on January 24, 2010 and which addresses the manner of application of the said Regulation and Addendum (hereafter – "the ISA Staff Clarification").

SELECTED NOTES AND ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL INFORMATION DISCLOSED IN ACCORDANCE WITH REGULATION 38D TO THE ISRAELI SECURITIES REGULATIONS (PERIODIC AND IMMEDIATE REPORTS), 1970

NOTE 1 – BASIS OF PREPARATION OF SEPARATE FINANCIAL INFORMATION DISCLOSED IN ACCORDANCE WITH REGULATION 38D TO THE ISRAELI SECURITIES REGULATIONS (PERIODIC AND IMMEDIATE REPORTS), 1970 (continued):

d. Manner of preparation of separate financial information in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 (continued):

The separate financial information does not constitute financial statements, including separate financial statements, which are prepared and presented in conformity with International Financial Reporting Standards (hereafter – "IFRS") in general, and the provisions of IAS 27 "Consolidated and Separate Financial Statements" in particular. Nevertheless, the accounting policy specified in note 2 to the consolidated financial statements regarding the significant accounting policies and the method by which the financial data were classified in the consolidated financial statements, were applied for the purpose of presenting the separate financial information, with the required changes as stated below.

The notes presented below also include disclosure regarding additional material information, in conformity with the disclosure requirements specified in Regulation 38D and as specified in the Addendum and subject to the ISA Staff Clarification, to the extent that such information was not included in the consolidated financial statements in a way explicitly referring separately to the Company as a parent.

NOTE 2 – MATERIAL ENGAGEMENTS, COMMITMENTS, LOANS, INVESTMENTS AND TRANSACTIONS BETWEEN THE COMPANY AND THE ENTITY IT HOLDS

Additional information on the overall material engagements, commitments, loans, investments and transactions between the Company and its held companies:

1) Transactions with investee companies

In the reported period, the Company performed with its investees sales and purchasing transactions in the ordinary course of business, as well as intercompany charges for other services that were provided/received, at arm's length.

2) Investments and commitments with investee companies

In the reported period, the Company performed investments in investees. For information, see note 5 to the condensed interim consolidated financial statements.

NOTE 3 – REVENUE

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)				(Audited)
	U.S. dollars in thousands				
Sale of end units and others	31,310	21,313	10,530	8,452	32,944
Service and processing revenues	18,632	13,706	6,605	5,485	19,523
Total	49,942	35,019	17,135	13,937	52,467