

Nayax Reports Fourth Quarter and Full Year 2021 Financial Results

Full Year Revenue Grew 51% Year-Over-Year to \$119 Million

Full Year Recurring Revenue Grew 64% Year-Over-Year

HERZLIYA, Israel, March 9, 2022 -- Nayax Ltd. (TASE: NYAX), a leading cashless payments provider, today announced its financial results for the fourth quarter and full year ended December 31, 2021.

“2021 was a remarkable year for Nayax, and I am very pleased with our Q4 results, showing broad-based strength across our key metrics,” said Yair Nechmad, Chief Executive Officer and Chairman of the Board. “I want to thank the team for their focused execution on achieving our strategic priorities. I’d like to take this opportunity and share our empathy and support to our development team in Ukraine. We are in contact daily and I’m happy to report they are all safe and sound.”

“We successfully completed our initial public offering and closed two strategic acquisitions that not only enhance the value of our platform but extend our technology leadership and accelerate expansion in underpenetrated markets and verticals. During the year, we focused on our customer success, resulting in the addition of 11,000 new customers, growing 58% year-over-year, and our dollar-based net retention rate remained industry-leading at 137%.”

Yair Nechmad concluded, “These results are an indication of the strong demand we continue to see for our end-to-end commerce platform, as the world of payment moves towards a cashless system and e-commerce accelerates. As we begin 2022, we believe that our global footprint, highly diverse customer base and the multiple growth levers of our business model will continue to serve us well, giving us confidence to raise our mid-term outlook on revenue and reiterate our long-term outlook.”

Nayax reports in U.S dollars and according to IFRS

Fourth Quarter Financial Highlights

- Total revenue was \$34.4 million, an increase of 40% over Q4 2020.
- Recurring revenue from monthly SaaS and processing fees grew 66% compared to Q4 2020.
- Recurring revenue represented 60% of total revenue in Q4 2021 compared to 51% of total revenue in Q4 2020.
- Managed and connected devices grew 40% over Q4 2020 to more than 517,000.
- Number of transactions grew 84% over Q4 2020 to 247 million.
- Transaction value increased 89% from the same quarter last year to \$428 million.
- As previously communicated, we experienced an additional decline in Q4 gross margin on point-of-sale (POS) devices sales. Q4 gross margin was 35% due to higher cost of goods sold as a result of ongoing global component shortages, partially offset by continued strong margins from recurring revenue. Gross profit reached \$12 million, an increase of 11% over Q4 2020.
- Operating expenses, including research and development, share-based compensation expenses, as well as depreciation and amortization amounted to \$21.3 million, an increase of 89% over Q4 2020. This reflects an increase of our continued investment in talent acquisition, customer base expansion and product innovation. Additional investments included higher go-to-market expenses and enhanced infrastructure to support our global growth as we become a much larger company.
- Operating loss was \$10 million, compared to an operating loss of \$0.35 million in Q4 2020.
- Adjusted EBITDA was a negative \$3.9 million compared to positive \$2.4 in Q4 2020 largely due to higher cost of goods sold due to the global component shortage and an increase in operating expenses from investments mentioned above that support our strategic growth strategy. Excluding a bonus plan for non-sales employees that was introduced in Q3 2021 and excluding the impact of product costs, Q4 2021 Adjusted EBITDA would have been negative \$0.9 million.
- Net loss for the fourth quarter of 2021 was \$10.0 million, or (\$0.0152) per diluted share, compared to a net loss of \$3.1 million, or (\$0.0124) per diluted share for the fourth quarter of 2020.

IFRS Results (\$M)			
Revenue Breakdown	Q4 2021	Q4 2020	Change (%)
Recurring - SaaS & Payment Processing	20.8	12.5	65.8%
POS Devices	13.6	12.1	12.4%
Total Revenue	34.4	24.6	39.9%

Nayax generates revenue from the sale of its POS devices, a monthly subscription fee for access to our SaaS solutions and payment processing fees for transactions made at the point-of-sale and through our global platform.

The Company provides payment processing and business operations software solutions and services through its global cashless payment platform. In Q4 2021, the Company gained strong growth in its recurring revenue from SaaS and payment processing, reflecting 60% of total revenue. This increase in recurring revenue represents growth in both number of transactions as well as increase in transaction value, contributed by our growing install base of managed and connected devices as well as the shift in consumer behavior.

Fourth Quarter Business Highlights

- Expanded our customer base, adding 3,000 new customers across our global footprint, bringing our total customer base to 30,000, as of December 31, 2021.
- Revenue from SMB customers accounted for 74% of total revenue.
- Dollar-based net retention rate remained strong at 137% compared to 102% in Q4 2020.
- Total number of managed and connected devices for the quarter reached more than 517,000, driven by growing customer demand and execution of our market expansion strategy. This represents an increase of 40% compared to the number of managed and connected devices in Q4 2020.

Key Performance Indicators	Q4 2021	Q4 2020	Change (%)
Total Transaction Value (\$m)	428	226	89%
Number of Transactions (millions)	247	134	84%
Take Rate % (Payments) (*)	2.59%	2.42%	7%
Managed and Connected devices	517,439	371,046	40%

(*) Take Rate % - Payment service providers typically take a percentage of every transaction in exchange for facilitating the movement of funds from the buyer to the seller. It is calculated by dividing the total dollar transaction value by the company's processing revenue in the same quarter.

Full Year 2021 Financial and Business Highlights

- Nayax successfully completed its initial public offering on the TASE in May 2021, raising a net amount of \$132.5 million.
- Total revenue was \$119.1 million, an increase of 51% over 2020.
- Recurring revenue from monthly SaaS and processing fees grew 64% year-over-year, accounting for 60% of total revenue in 2021 compared to 55% in 2020.
- Dollar-based net retention rate remained strong at 137%, while our customer churn rate remained as low as 2.6%.
- Transaction value grew 85% from 2020 to \$1.4 billion.
- Transaction volume increased 69% year-over-year to 795 million.
- Gross margin was 40%, reflecting continued strong margins from recurring revenue offset by lower margins from POS devices due to higher cost of goods sold as a result of ongoing global component shortages. Gross profit reached \$48 million in 2021 compared to \$37 million in 2020.
- Operating expenses, including research and development, share-based compensation expenses, depreciation, and amortization, but excluding one-time IPO-related expenses, amounted to \$68.5 million, an increase of 74% over 2020. This reflects an increase of our continued investment in talent acquisition, customer base expansion and product innovation. Additional investments included higher go-to-market expenses and enhanced infrastructure to support our global growth as we become a much larger company.
- Operating loss was \$22.5 million, compared to an operating loss of \$2.2 million in 2020.
- Adjusted EBITDA was negative \$4.0 million, compared to \$6.6 in 2020 due to higher cost of goods sold as a result of global component shortage and an increase

in operating expenses from investments mentioned above that support our strategic growth strategy. Excluding a bonus plan for non-sales employees that was introduced in Q3 2021 and excluding the impact of increased product costs, 2021 Adjusted EBITDA would have been \$1.0 million.

- Net loss was \$24.8 million, or \$0.082 per diluted share, compared to a net loss of \$6.1 million, or \$0.0252 per diluted share for 2020.
- As of December 31, 2021, Nayax had \$87.3 million in cash and cash equivalents.

Outlook

Looking ahead, we are very excited about our strong long-term growth drivers and the large market opportunities. In the near term, we expect to continue to see margin pressure related to the sale of POS devices, as we have made the strategic decision not to pass increased component costs to our customers through higher device sale prices.

Our durable business model is demonstrated by our diverse customer base, verticals and geographies. With strong secular tailwind and with our industry-leading net revenue retention rate, we believe we have a clear opportunity to drive revenue growth in the future

Mid-Term Outlook

We are raising our mid-term revenue projection to \$220 million, fueled by organic growth and strategic M&A. The accelerated growth rate target is raised as well to 35% in the medium term, with customer growth, increased market penetration and continued expansion of our platform serving as the main growth drivers

Long-Term Outlook

Gross margin in the long-term is expected to reach 50% by providing leasing options for IoT POS and by growing the SaaS and payment processing revenue segments.

Our long-term Adjusted EBITDA margin guidance is set around 30%.

An English translation of the full financial statements can be found on our web site: <https://ir.nayax.com/>

Conference Call & Webcast Information

Nayax will host a conference call to discuss its financial results for the fourth quarter and full year of 2021, today, Wednesday, March 9, 2022, at 8:30 a.m. Eastern Time.

Yair Nechmad, Chief Executive Officer, and Sagit Manor, Chief Financial Officer, will review the Company's fourth quarter and full year 2021 financial results. To attend the conference call, please dial one of the following teleconferencing numbers. Please begin by placing your call at least five minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

U.S. TOLL-FREE: 1-866-777-2509

ISRAEL TOLL-FREE: 1-80-9212373

INTERNATIONAL: 1-412-317-5413

WEBCAST LINK:

<https://services.choruscall.com/mediaframe/webcast.html?webcastid=mBIC3N90>

The Company encourages participants to pre-register for the conference call using the following link

<https://dpregrister.com/sreg/10163421/f110be4830>

Callers will receive a unique dial-in upon registration, which enables immediate access on the day of the call. Participants may pre-register at any time, including up to and after the call start time. The conference call will also be available via live webcast from a link on Nayax's Investor Relations website.

A replay of the conference call will be available from March 9, 2022, to March 23, 2022. To access

the replay, please dial one of the following numbers:

Replay TOLL-FREE: 1-877-344-7529

Replay TOLL/INTERNATIONAL: 1-412-317-0088

Replay Pin Number: 10161100

Link: <https://services.choruscall.com/ccforms/replay.html>

Confidential Submission of Form F-1

On February 7, 2022, Nayax announced the confidential submission of draft registration statement on Form F-1 with the U.S. Securities and Exchange Commission (the "SEC") relating to a potential U.S. initial public offering of its ordinary shares. The commencement of the proposed U.S. initial public offering is subject to completion of the SEC review process, satisfactory share price and market and other conditions. Nayax continues to evaluate its strategic alternatives for entry into the U.S. capital

markets and broadening its shareholders base, including through a proposed U.S. initial public offering. The number of ordinary shares to be offered, the price for the proposed offering and the exact timing thereof have not yet been determined.

Forward-Looking Statements

The information included in this press release contains, or may be deemed to contain, forward-looking statements (as defined in the U.S. Private Securities Litigation Reform Act of 1995 and the Israeli Securities Law, 1968). Said forward-looking statements, are subject to uncertainties and assumptions and the actual results may materially differ. All forward-looking statements in this press release are based on information available to Nayax on the date hereof. All written or oral forward-looking statements attributable to Nayax are expressly qualified in their entirety by the factors referred to above. Nayax does not intend to update these forward-looking statements.

Use and Definitions of Non-IFRS Financial Measures

In addition to disclosing financial measures in accordance with accounting principles generally accepted under International Financial Reporting Standards, or IFRS, this press release and the accompanying tables contains a non-IFRS financial measures, including, adjusted EBITDA. We use Adjusted EBITDA to supplement financial information presented on an IFRS basis. We believe that excluding certain items from our IFRS results allows management and our board of directors to more fully understand our consolidated financial performance from period to period and helps management project our future consolidated financial performance as forecasts are developed at a level of detail different from that used to prepare IFRS-based financial measures.

Adjusted EBITDA is defined as net income (loss) before other income (expense), interest income (expense), foreign exchange gain (loss), income taxes, and depreciation and amortization, adjusted to exclude the effects of share-based compensation expense and certain nonrecurring expenses that management believes are not indicative of ongoing operations, consisting primarily of Equity method investee expenses and other indirect charges associated with our initial public offering. We believe Adjusted EBITDA provides our investors with useful information to help them evaluate our operating results by facilitating an enhanced understanding of our operating performance and enabling them to make more meaningful period-to-period comparisons.

We use non-IFRS measures in conjunction with IFRS measures as part of our overall assessment of our performance. There are limitations to the use of the non-IFRS measures presented in this press release. Our non-IFRS measures may not be comparable to similarly titled measures of other companies; other companies, including companies in our industry, may calculate non-IFRS measures differently than we do, limiting the usefulness of those measures for comparative purposes. These non-IFRS measures should not be considered in isolation from or as a substitute for financial measures prepared in accordance with IFRS.

We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure, and to view our non-IFRS measures in conjunction with IFRS financial measures. For a reconciliation of net income (loss) to Adjusted EBITDA please see the tables included at the end of this press release.

About Nayax

Nayax is a global commerce enablement and payments platform designed to help merchants scale their business. Nayax offers a complete solution including localized cashless payment acceptance, management suite, and consumer engagement tools, enabling merchants to conduct commerce anywhere, at any time. With foundations and global leadership in serving unattended retail, Nayax has transformed into a comprehensive solution focused on our customers' growth across multiple channels. Today, Nayax has 8 global offices, over 550 employees, connections to more than 80 merchant acquirers and payment method integrations and is a recognized payment facilitator worldwide. Nayax's mission is to improve our customers' revenue potential and operational efficiency. For more information, please visit www.nayax.com

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NAYAX LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
		2021	2020
		(Audited)	
	Note	U.S. dollars in thousands	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	7	87,332	8,195
Restricted cash transferable to customers for processing activity	8	23,695	18,166
Short-term bank deposits		48	87
Receivables in respect of processing activity		14,395	7,213
Trade receivable, net	9	19,338	13,840
Inventory		7,691	5,041
Other current assets		3,549	1,976
Total current assets		156,048	54,518
NON-CURRENT ASSETS:			
Long-term bank deposits		1,033	798
Other long-term assets		1,252	-
Investment in associate	6c	8,372	-
Right-of-use assets, net	10	5,275	4,761
Property and equipment, net	11	6,225	5,047
Goodwill and intangible assets, net	12	37,801	27,388
Deferred income tax	16	-	241
Total non-current assets		59,958	38,235
TOTAL ASSETS		216,006	92,753

NAYAX LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
		2021	2020
		(Audited)	
	Note	U.S. dollars in thousands	
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank credit	13	-	11,589
Current maturities of long-term bank loans	13	2,406	1,938
Current maturities of loans from others and other long-term liabilities	14, 15	3,600	3,727
Current maturities of lease liabilities	10	1,502	1,320
Payables in respect of processing activity		42,826	27,181
Trade payables		9,136	10,998
Other payables		10,718	5,498
Total current liabilities		70,188	62,251
NON-CURRENT LIABILITIES:			
Long-term bank loans	13	2,760	5,391
Long-term loans from others and other long-term liabilities	14, 15	4,299	6,036
Post-employment benefit obligations, net		602	894
Lease liabilities	10	5,393	5,154
Deferred income taxes	16	1,088	526
Total non-current liabilities		14,142	18,001
TOTAL LIABILITIES		84,330	80,252
EQUITY:			
Equity attributed to parent company’s shareholders:	17		
Share capital		8	7
Additional paid in capital		150,366	16,689
Capital reserves		9,999	9,238
Accumulated deficit		(28,697)	(13,433)
TOTAL EQUITY		131,676	12,501
TOTAL LIABILITIES AND EQUITY		216,006	92,753

NAYAX LTD.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended December 31	
		2021	2020
		(Audited)	
		U.S. dollars in thousands	
Note		(Excluding loss per share data)	
Revenues	18	119,134	78,783
Cost of revenues	19	(70,970)	(41,603)
Gross Profit		48,164	37,180
Research and development expenses	20	(19,040)	(9,300)
Selling, general and administrative expenses	21	(45,379)	(26,545)
Depreciation and amortization in respect of technology and capitalized development costs	12	(3,810)	(3,559)
Other expenses	1a	(1,879)	-
Equity method investee	6c	(538)	-
Loss from ordinary operations		(22,482)	(2,224)
Finance expenses, net	22	(1,655)	(3,874)
Loss before taxes on income		(24,137)	(6,098)
Tax benefit (expense)	16	(632)	15
Loss for the year		(24,769)	(6,083)
Attribution of income (loss) for the year:			
To shareholders of the Company		(24,763)	(6,254)
To non-controlling interests		(6)	171
Total		(24,769)	(6,083)
Loss per share attributed to shareholders of the Company:			
Basic and diluted loss per share	23	(0.0820)	(0.0252)

NAYAX LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year ended December 31	
	2021	2020
	(Audited)	
	U.S. dollars in thousands	
Loss for the year	(24,769)	(6,083)
Other comprehensive income (loss) for the year:		
Items that will not be recycled to profit or loss:		
Gain (loss) from remeasurement of liabilities (net) in respect of post-employment benefit obligations	431	(126)
Items that may be recycled to profit or loss:		
Gain from translation of financial statements of foreign activities	87	243
Total comprehensive loss for the year	<u>(24,251)</u>	<u>(5,966)</u>
Attribution of total comprehensive income (loss) for the year:		
To shareholders of the Company	(24,181)	(6,137)
To non-controlling interests	(70)	171
Total comprehensive loss for the year	<u>(24,251)</u>	<u>(5,966)</u>

NAYAX LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributed to shareholders of the Company									
	Share capital	Additional paid in capital	Remeasurement of post-employment benefit obligations	Other capital reserves	Call option to purchase shares of subsidiary	Foreign currency translation reserve	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	7	16,689	(203)	9,680	(493)	-	(11,026)	14,654	1,015	15,669
Changes during the year;										
Income (loss) for the year	-	-	-	-	-	-	(6,254)	(6,254)	171	(6,083)
Other comprehensive income (loss) for the year	-	-	(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)	9,324	-	243	(13,433)	12,501	-	12,501
Changes during the year;										
Loss for the year	-	-	-	-	-	-	(24,763)	(24,763)	(6)	(24,769)
Other comprehensive income (loss) for the year	-	-	431	-	-	151	-	582	(64)	518
Non-controlling interests from business combination (See note 6b)	-	-	-	-	-	-	-	-	1,530	1,530
IPO (See note 1)	1	132,559	-	-	-	-	-	132,560	-	132,560
Transactions with non-controlling interests (See note 6b)	-	-	-	205	-	-	-	205	(1,460)	(1,255)
Business combination under common control (see note 6e)	-	-	-	(26)	-	-	-	(26)	-	(26)
Employee options exercised	(*)	1,118	-	-	-	-	-	1,118	-	1,118
Share-based payment	-	-	-	-	-	-	9,499	9,499	-	9,499
Balance at December 31, 2021 (audited)	8	150,366	102	9,503	-	394	(28,697)	131,676	-	131,676

(*) Represents an amount lower than \$1 thousand.

NAYAX LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31	
	2021	2020
	(Audited)	
	U.S. dollars in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the year	(24,769)	(6,083)
Adjustments required to reflect the cash flow from operating activities (see Appendix A)	11,963	12,571
Net cash provided by (used in) operating activities	(12,806)	6,488
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capitalized development costs	(6,059)	(5,731)
Acquisition of property and equipment	(2,637)	(2,125)
Loans extended to others	-	(141)
Investments in associates	(6,449)	-
Loans repaid by shareholders	61	786
Increase in bank deposits	(352)	(411)
Payments for acquisitions of subsidiaries, net of cash acquired	418	(686)
Payment of deferred consideration with respect to business combinations	(7,335)	(580)
Interest received	2	14
Investments in financial assets	(446)	-
Proceeds from sub-lessee	158	302
Net cash used in investing activities	(22,639)	(8,572)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Initial public offering (IPO)	132,560	-
Interest paid	(630)	(1,065)
Changes in short-term bank credit	(11,393)	2,976
Support received (royalties paid) in respect to government assistance plans	(199)	16
Transactions with non-controlling interests	(1,069)	(1,049)
Receipt of long-term bank loans	-	4,734
Repayment of long-term bank loans	(1,971)	(1,003)
Receipt of long-term loans from others	-	3,804
Repayment of long-term loans from others	(2,175)	(920)
Receipt of loans from shareholders	8,900	-
Repayment of loans from shareholders	(8,900)	-
Decrease in other long-term liabilities	(295)	(280)
Employee options exercised	718	-
Principal lease payments	(1,406)	(1,167)
Net cash provided by financing activities	114,140	6,046
Increase in cash and cash equivalents	78,695	3,962
Balance of cash and cash equivalents at beginning of year	8,195	4,412
Gains (losses) from exchange differences on cash and cash equivalents	626	(222)

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	<u>(Audited)</u>	
	<u>U.S. dollars in thousands</u>	
Gains (losses) from translation of cash and cash equivalents of foreign activity	<u>(184)</u>	<u>43</u>
Balance of cash and cash equivalents at end of year	<u><u>87,332</u></u>	<u><u>8,195</u></u>

NAYAX LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31	
2021	2020
(Audited)	
U.S. dollars in thousands	

Appendix A – adjustments required to reflect the cash flows from operating activities:

Adjustments in respect of:

Depreciation and amortization	7,198	5,908
Post-employment benefit obligations, net	139	106
Deferred taxes	25	(230)
Finance expenses, net	269	3,428
Expenses in respect of long-term employee benefits	193	5
Share in losses of associate company	538	-
Long-term deferred income	(26)	-
Expenses in respect of share-based payment	8,850	2,965
Total adjustments	17,186	12,182

Changes in operating asset and liability items:

Increase in restricted cash transferable to customers for processing activity	(5,529)	(11,930)
Decrease (increase) in receivables from processing activity	(5,429)	5,003
Increase in trade receivables	(5,136)	(3,894)
Increase in other current assets	(1,352)	(389)
Increase in inventory	(2,631)	(511)
Increase in payables in respect of processing activity	13,832	7,203
Increase (decrease) in trade payables	(3,775)	3,154
Increase in other payables	4,797	1,753
Total changes in operating asset and liability items	(5,223)	389
Total adjustments required to reflect the cash flow from operating activities	11,963	12,571

Appendix B – Information regarding investing and financing activities not involving cash flows:

Purchase of property and equipment on credit	118	575
Acquisition of patents against derecognition of loan	-	806
Acquisition of right-of-use assets through lease liabilities	1,428	1,235
Share based payments costs attributed to development activities, capitalized as intangible assets	649	883
Exercised options against other receivables	400	-

IFRS to Non-IFRS

	Year ended as of (US dollars in thousands)		Quarter ended as of (US dollars in thousands)	
	2021	2020	Q4 2021	Q4 2020
Loss for the year	(24,769)	(6,083)	(9,992)	(3,085)
Finance expense, net	1,655	3,874	(402)	2,695
Tax (Benefit) expense	632	(15)	618	40
Depreciation and amortization	7,198	5,908	1,867	1,555
EBITDA	(15,284)	3,684	(7,909)	1,205
Share-based compensation	8,850	2,965	3,496	1,234
IPO related expenses	1,879	-	77	-
Equity method investee	538	-	414	-
Adjusted EBITDA	(4,017) (*)	6,649	(3,922) (*)	2,439

(*) Excluding (i) product costs increase due to global components shortage and (ii) bonus plan for non-sales employees that was introduced in Q3 2021, full year 2021 Adjusted EBITDA improved to \$1.0M. Q4 2021 Adjusted EBITDA improved to a negative \$0.9M.