



**Nayax Ltd.**  
**(the "Company")**

**Board of directors' report on the state of the company's affairs**

**As of March 31, 2022**

**Nayax Ltd.**  
**The Board of Directors' Report on the State of the Company's Affairs**  
**For the three-month period ended March 31, 2022**

The Company's board of directors hereby respectfully submits the board of directors' report on the state of the Company's affair for the three-month period ended on March 31, 2022 (the "**Report**" and "**Q1 of 2022**" or the "**Report Period**", as applicable), according to the Israeli Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "**Reports Regulations**").

The scope of this Report is limited, and it is drafted under the assumption that the readers also have available the Company's Annual Report for the year 2021 published on March 9, 2022 (reference number: 2022-01-028219) and amended on March 28, 2022 (reference number: 2022-01-030507) (the "**Annual Report**")<sup>1</sup>.

**1. Explanations of the board of directors regarding the state of the Company's affairs**

**1.1. General**

The Company was incorporated in Israel on January 16, 2005, as a private company. On May 10, 2022, the Company published a prospectus regarding the initial public offering of the Company's shares (the "**IPO**"), and since May 13, 2021, the Company's shares are traded on the Tel Aviv Stock Exchange Ltd. (the "**TASE**"), and the Company is a public company.

As of its incorporation 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 providing 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**"). As of the date of this Report, the Company's Attended Activity focuses on the Israeli and UK markets, and the Company plans to expand it in the next year to the American and Australian markets.

***The Company's estimate with respect to the expansion of its Attended Activity to the American and Australian markets in the next year, as described above, constitutes forward looking information, as defined in the Israeli Securities Law, 5728-1968 (the "Securities Law"), the materialization of which is uncertain and is not solely in the Company's control. Such estimations are based on the information known to the Company as of the date of this Report.***

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<sup>1</sup> For a convenience translation of the Annual Report into English, see such Company's publication, published on March 28, 2022 (reference number: 2022-01-030513).

*It is clarified that there is no certainty that such estimates shall materialize, and they may materialize materially differently than as stated above, inter alia due to their dependence on external factors that are not in the Company's control, including the risk factors set out in Section 1.35 of the Annual Report.*

**Substitution of the Company's reporting language from Hebrew to English**

On March 28, 2022, the Company's Board of Directors approved, in accordance with the provisions of Regulation 3 of the Securities Regulations (Reporting in the English Language) 5781-2020, the substitution of the Company's reporting language from Hebrew to English. As of May 11, 2022 the Company publishes all of its public filings in English only.

**Submitting a non-public draft of document for listing the Company shares for trading in the United States**

On February 4, 2022, the Company filed with the U.S. Securities and Exchange Commission (SEC) a non-public draft of document for listing the Company's shares for trading in the United States (F-1 Form on Statement Registration), as part of examining the possibility of listing its shares for trading in the United States. Any such registration, including by way of an IPO, is subject to market conditions.

For more information, see the immediate report published by the Company on February 6, 2022 (reference no: 2022-01-013587), which is included in this Report by way of reference.

**1.2. Growth and key metrics**

The Company has been growing consistently since its incorporation, and in recent years the Company's growth has even accelerated. The Company measures its growth through four key metrics: the number of connected and managed 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.

Presented below is data regarding these four key metrics with respect to the three months period ended March 2022:

<div>Period</div> <div>Key metric</div>	As of March 31,		As of December 31, 2021
	2022	2021	
Connected and managed points of sale (thousands)	553(*)	402(**)	517(***)

\* Of which approximately 128,000 are equipped with Vendsys' solution and end points as part of the Attended Activity (for details see section 1.10.2.5 in Chapter A of the Annual Report).

\*\* Of which approximately 100,000 are equipped with Vendsys' solution and end points as part of the Attended Activity.

\*\*\* Of which approximately 118,000 are equipped with Vendsys' solution and end points as part of the Attended Activity.

Period Key metric	As of March 31		As of December 31, 2021
	2022	2021	
Number of customers	34,000	21,000	30,000

Period Key metric	Three months ended March 31		Year ended December 31, 2021
	2022	2021	
Number of transactions	269	144	795
The financial value of the transactions (in USD millions)	489	246	1,425

### **1.3. Dealing with the effects of the Coronavirus outbreak, including the global shortage in components**

During Q1 of 2020 the Coronavirus ("COVID-19") began to spread globally, and on March 11, 2020, the World Health Organization declared Covid-19 a global pandemic. Covid-19 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.

Nevertheless, an additional trend that can be pointed to is that due to the Covid-19 pandemic, consumers prefer cashless payment methods in order to limit interactions with other people and surfaces, in the framework of social distancing rules. Such behavior has a positive effect on the Company.

As of the end of 2021 and as of the date of this Report, the number of active Attended and Unattended points of sale of the Group's customers, as well as the number of consumer transactions executed in the Attended and Unattended points of sale, is significantly higher than it was before the outbreak of Covid-19.

In addition, the global outbreak of Covid-19 caused 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. The global shortage of components which are required for manufacturing the Company's POS devices led to an increase in prices (including some significant increases), and as a result adversely affected the Company's gross profit rate from the sale of POS devices since Q3 2021. The Company's strategy is to continue the supply of POS devices to its customers without increasing the selling prices even under such circumstances, since the Company is of the opinion that the sale of POS devices to customers constitutes the Company's strategic foundation for engaging with new customers and for expanding the activity of existing customers, thereby driving the Company's continued growth. In 2021 year and in Q1 of 2022, POS devices sales accounted for approximately 40% and 34% respectively, of the Company's sales.

In light of the fact that the Covid-19 crisis is ongoing, and it is difficult to estimate how it will develop in the future, the Company cannot at this stage estimate the scope of the future implications of Covid-19 on the Company's operations and results. Notwithstanding the foregoing, the Company estimates that during the short term, the supply chain activity will continue to adversely affect the POS manufacturing process and gross margins. The Company is continuously working to improve its supply chain with increased efforts in light of the global components' shortage, including adding a manufacturer of the Company's integrated POS devices, expanding the circle of suppliers from whom the Company purchases components directly and through its subcontractors, and extending the range of components equipping further than pre pandemic norms. The Company believes that in the mid-term, once the availability of components will be back to normal, the Company's gross margin will return to the pre pandemic levels. In addition, the Company believes that the Covid-19 pandemic will not significantly impair its activity, and even the opposite, as since the outbreak of the pandemic, the dependence on digital solutions for remote management increased, and the importance of the Group's products for managing Unattended commerce became stronger.

***The Company's estimates with respect to the potential implications of Covid-19 on the Group's activity, as described above, constitute forward looking information, as defined in the Securities Law, the materialization of which is uncertain and is not in the Company's control. This information is mainly based on the Company's estimates, which are inter alia based on the information that is known on the date of this Report. It is clarified that there is no certainty whatsoever that all or part of such estimates shall materialize, and they may materialize materially differently than as stated above, inter alia due to their dependence on external factors that are not in the Company's control, such as changes and trends in Covid-19 spread.***

#### 1.4. Financial position

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

Item	As of March 31,		As of December 31, 2021	Board of directors' explanations
	2022	2021		
<b>Current assets</b>	157,271	56,154	156,048	The increase in current assets as of March 31, 2022, compared to current assets as of March 31, 2021, mostly derived from an increase in cash and cash equivalents as a result of the Company's IPO, and from an increase in the balance of receivables in respect of processing activity, trade receivables, restricted cash transferable to customers and receivables in respect of processing activity, as a result of an increase in the Company's activity. In addition, there was an increase in the Company's inventory balance as a result of an increase of the components' price and inventory purchasing in order to keep the manufacturing capability.
<b>Non-current assets</b>	66,986	46,459	59,958	The increase in non-current assets as of March 31, 2022, compared to non-current assets as of March 31 2021, mostly derived from an increase in the other long-term assets due to loan provided to On Track Innovation Ltd. ("OTI") (see Note 5a to the Company's consolidated financial statements for the three months' period ended on March 31, 2022 (the " <b>Financial Statements</b> ")) and an investment in Nilus Ltd. ("Nilus"), an increase in goodwill and intangible assets primarily due to additional investments in the Company roadmap products and an investment in associate following Tigapo Ltd. ("Tigapo") acquisition.
<b>Current liabilities</b>	86,144	74,366	70,188	The increase in current liabilities as of March 31, 2022, compared to current liabilities as of March 31, 2021, mostly derived from an increase in trade payables and payables in respect of processing activity as a result of an increase in the Company's activity. Additionally, an increase in other payables due to an increase in the number of employees, payroll rate and bonus program implementation in July 2021. This was offset by a reduction in short-term bank credit, current maturities and loans from shareholders which were repaid, and a decrease in the deferred consideration and liability for option arrangement in business combination due to exercise of options shares of Weezmo Technologies Ltd. ("Weezmo"), following the IPO.

Item	As of March 31,		As of December 31, 2021	Board of directors' explanations
	2022	2021		
<b>Non-current liabilities</b>	13,013	16,325	14,142	The decrease in non-current liabilities as of March 31, 2022, compared to non-current liabilities as of March 31, 2021, mostly derived from a decrease in long-term bank loans and loans from others as a result of their repayment. Additional changes in other long-term liabilities derived from the acceleration of the acquisition of 49% of the outstanding shares of Nayax Retail Ltd. and additional liability for Tigapo acquisition.
<b>Equity</b>	125,100	11,922	131,676	The increase in equity as of March 31, 2022, compared to the equity as of March 31, 2021, mainly derived from the Company's IPO, offset in part by the equity decrease as a result of the Company's losses.

### 1.5. Results of Operations

Data regarding the results of the Company's activity is presented below (in USD thousands):

Item	Three months ended March 31,		Year ended December 31, 2021	Board of directors' explanations
	2022	2021		
<b>Revenues</b>	34,132	22,774	119,134	<p>The increase in revenues in Q1 of 2022 compared to the revenues in Q1 of 2021 derived from the following factors:</p> <ol style="list-style-type: none"> <li>1. An increase in revenues from the sale of integrated POS devices as a result of an increase in the number of units sold. In Q1 2022 the total revenues from the sale of integrated POS devices were USD 11.6 million, compared to USD 9.3 million in Q1 2021, an increase of 25%.</li> <li>2. An increase in recurring revenues due to growth in the number of active paying units and an increase in processing activity and transactions generated by the Company's customers. In Q1 2022 the total recurring revenues (services and processing) were USD 22.5 million compared to USD 13.5 million in Q1 2021, an increase of approximately 67%. The recurring revenues include monthly SaaS fees for using the Company's management software and from processing fees, which are usually collected as a percentage of the processing transactions performed by the Company's trade receivables through POS devices. The increase in revenues was supported by a high rate of customer retention.</li> </ol> <p>In Q1 2022, 34% of the Company's revenues derived from revenues from sale of integrated POS devices and 66% from recurring revenues (SaaS and processing) compared to Q1 2021, during which 41% of the Company's revenues derived from revenues from sale of integrated POS devices and approximately 59% from recurring revenues (SaaS and processing).</p>

Item	Three months ended March 31,		Year ended December 31, 2021	Board of directors' explanations
	2022	2021		
<b>Cost of revenues</b>	21,039	12,273	70,970	Most of the increase in cost of revenues in Q1 2022 compared to Q1 2021, derived from the Company's revenues growth. In addition, the cost of components used in manufacturing of the Company's products increased due to the global components shortage.
<b>Gross profit</b>	13,093	10,501	48,164	<p>The gross profit rates during the presented periods are: in the three months ended on March 31, 2022: 38%; in the three months ended on March 31, 2021: 46%.</p> <p>The gross profit rate for sale of integrated POS devices in Q1 2022 is 7% compared to 25% in Q1 2021. The gross profit rate decreased mainly as a result of the increase of the price of components used in manufacturing of the Company's products due to the global components shortage, and on the other hand maintaining the existing selling prices, pursuant to the Company's strategy that the sale of integrated POS devices constitutes a significant cornerstone for its continued growth.</p> <p>The gross profit rate for recurring revenues in Q1 2022 is 55% compared to 60% in Q1 2021. The gross profit rate decreased mainly due to the revenue mix between SaaS and processing revenue.</p>
<b>Research and development expenses</b>	5,594	3,300	19,040	The increase in research and development costs in Q1 of 2022 compared to the corresponding period in 2021 mainly derived from an increase in the payroll and related costs for the research and development departments as a result of an increase in the number of employees, payroll costs, the adoption of a bonus program for the Group's non-sales employees and from an increase in the development costs charged by subcontractors.
<b>Sale, administrative, and general expenses</b>	14,825	8,316	45,379	The increase in sale, administrative, and general costs in Q1 of 2022 compared to the corresponding period in 2021 mainly derived from an increase in payroll and affiliated costs, as a result of an increase in the number of employees, payroll costs, and the adoption of a bonus program for the Group's non-sales employees. In addition, an increase in costs for share-based compensation, mainly due to the options granted in May 2021 to Mr. Yair Nechmad and Mr. David Ben-Avi, who are among the Company's controlling shareholders.

Item	Three months ended March 31,		Year ended December 31, 2021	Board of directors' explanations
	2022	2021		
<b>Depreciation and amortization in respect of technology and capitalized development costs</b>	1,045	878	3,810	The increase in the depreciation and amortization costs in Q1 2022 compared to Q1 2021, derived from an increase in capitalized development and technology costs. The investment focuses on opening new markets, new integrations, and developing new products, in order to increase the Group's revenues.
<b>Other expenses</b>	-	161	1,879	The other costs in 2021 are attributed to costs deriving from the Company's IPO, that do not constitute "issue costs" which were deducted from the gross proceeds received upon the consummation of the IPO. The costs mainly include fees for professional services, listing fees and non-recurring bonuses for employees and service providers.
<b>Equity method investee</b>	501	-	538	In May 2021 and Q3 2021, the Company acquired shares in Tigapo. the investment is treated as investment in an associate. Each period, the Company recognizes its share in the results of Tigapo's operations.
<b>Operating loss</b>	8,872	2,154	22,482	The increase in operating loss mainly derived from an increase in cost of revenues and operating costs as explained above.
<b>Finance expenses, net</b>	858	84	1,655	The increase in finance expenses in Q1 of 2022 compared to Q1 of 2021 derived from exchange rate fluctuations and from revaluation of options that were recognized in relation to the Tigapo and Weezmo acquisitions.
<b>Adjusted EBITDA *</b>	(3,265)	52	(4,017)	See calculation below.
<b>Capital investments (CAPEX) **</b>	3,051	2,254	8,696	The increase in capital investments in Q1 2022 compared to Q1 2021 derived from investments in research and development of new products and integrations.

### ***Non-GAAP Financial Measures - Adjusted EBITDA***

A metric that is not calculated pursuant to accepted accounting principles, which the Company uses for measuring its results from ongoing activity.

EBITDA - This metric is calculated as follows - net loss plus net finance expenses, tax expenses (benefits) and depreciation and amortization.

Adjusted EBITDA - This metric is calculated as follows - net loss plus net finance expenses, tax expenses (benefits), depreciation and amortization, share-based compensation expenses, other expenses included in the profit or loss statement as set forth above, and the Company's share in the losses of the included company, as set forth below:

Item	Period of 3 months ended March 31		2021
	2022	2021	
<b>Net loss</b>	<b>(9,780)</b>	<b>(2,182)</b>	<b>(24,769)</b>
Net financing expenses	858	84	1,655
Tax expenses (benefit)	50	(56)	632
Depreciation and amortization	2,004	1,672	7,198
<b>EBITDA</b>	<b>(6,868)</b>	<b>(482)</b>	<b>(15,284)</b>
Share-based compensation expenses	3,102	373	8,850
Other one-time expenses	-	161	1,879
Equity method investee	501	-	538
<b>Adjusted EBITDA</b>	<b>(3,265) <sup>(1)</sup></b>	<b>52</b>	<b>(4,017) <sup>(1)</sup></b>

- (1) On a like to like comparison, when eliminating from the Adjusted EBITDA certain events that occurred since Q3 of 2021, which include the adoption by the Company for the first time of a non-sales employees bonus program and the effect of the increase in prices of components due to the global components shortage, the Adjusted EBITDA for Q1 2022 amounts to a negative USD 0.3 million and for 2021 amounts to a USD 1 million gain.

1.6. **Liquidity** - data regarding the Company's liquidity is presented below (in USD thousands):

Item	Three months ended March 31		Year ended December 31, 2021	Board of directors' explanations
	2022	2021		
Net cash provided by (used in) operating activities	(2,946)	3,745	(12,806)	The increase in cash used for current activity in Q1 of 2022 compared to Q1 of 2021 derived from investments in the Company's growth, which is manifested in the increase of payroll costs and in the increase of the price of components used in the manufacturing of the Company's integrated POS devices, due to the global components' shortage.
Net cash used in investing activities	(15,401)	(2,496)	(22,639)	The increase in cash used for investing activity in Q1 of 2022 compared to Q1 of 2021 derived from the extended loan to OTI (see Note 5a to the Financial Statements) and short-term bank deposit.
Net cash provided (used in) by financing activities	(3,167)	4,168	114,140	The increase in cash used for financing activity in Q1 of 2022 compared to Q1 of 2021 derived from repayment of long-term bank loans during Q1 2022 and receipt of loans from shareholders during Q1 2021.
Balance of cash and cash equivalents as of the end of the period	64,752	13,291	87,332	--

1.7. **Financing sources**

- 1.7.1. The Group finances its activity from its own sources, and from the proceeds of the Company's IPO. In addition, the Company received a loan from one of the processing entities with whom it is engaged, and credit facilities that were made available to it by a banking corporation. In addition, following the outbreak of the Covid-19 pandemic, the Company received a government guaranteed loan from a bank. For additional information regarding the Group's sources of financing see section 1.7 in chapter B of the Annual Report.
- 1.7.2. The Company has two equity incentive plans, under which options exercisable into Company shares were allocated to officers and employees of the Company and of its subsidiaries (for details regarding such plans see section 3.3 in Chapter 3 of the Company's prospectus published on May 10 (reference number: 2021-01-082128). In Q1 of 2022, 148,631 options which were granted under such plans were exercised into 148,631 ordinary shares of the Company, against payment to

the Company of a total amount of exercise price of approximately USD 93 thousand.

1.7.3. The average balance of the Company's long-term loans in Q1 of 2022 was approximately USD 6.4 million, compared to approximately USD 12.2 million in the corresponding quarter of 2021. The decrease in long-term loans mostly derived from the repayment of loans provided by banks and others.

1.7.4. As of Q1 of 2022 the Company has no short-term credit, compared to approximately USD 15.5 million in the corresponding quarter of 2021. The decrease in short-term credit derived from the repayment of short-term bank credit during 2021.

1.7.5. The average credit from suppliers in Q1 of 2022 was approximately USD 10.8 million, compared to approximately USD 9.7 million in the corresponding quarter of 2021.

The average credit to customers in Q1 of 2022 was approximately USD 19.7 million, compared to approximately USD 13.3 million in the corresponding quarter of 2021.

## **2. Material events following the date of the financial statements**

For material events which occurred following March 31, 2022, see Note 5 to the Financial Statements.

May 18, 2022

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**Yair Nechmad**  
**CEO and Chairman of the Board**

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**David Ben-Avi**  
**Director**

**Material changes that occurred in the Company' business during and after the Report Period with respect to matters that are required to be described in the Annual Report**

The following terms shall have the meaning:

**"Company"** - Nayax Ltd.

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

**"Financial Statements"** - The Company's consolidated financial statements for the three months' period ended on March 31, 2022.

**"Annual Report"** - The Company's Annual Report for the year 2021 published on March 28, 2022 (reference number: 2022-01-030507).

**1. Update to sections 1.3.2 and 1.30 in chapter A of the Company's Annual Report- Engagement in a Non-binding term sheet with Bank Hapoalim B.M. and Feit Synergy Ltd. for establishing a joint venture Agreement**

on March 15, 2022, the Company entered into a non-binding Term Sheet with Bank Hapoalim B.M. ("**Bank Hapoalim**") and Feit Synergy Ltd. ("**Feit**") a company controlled by Mr. Alon Feit (in this section together: the "**Parties**") for the purpose of creating a joint venture under which the Parties shall establish and operate an innovative international platform, which shall provide financing options to small and medium businesses (in the first stage) for acquiring income generating IoT products (such as automated vending machines and electric vehicle charging stations), while repayment of said financing shall be secured by future revenues generated by such Products.

For more information, see the immediate report published by the Company on March 15, 2022 (reference no: 2022-01-030259), which is included in this Report by way of reference.<sup>2</sup>

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<sup>2</sup> For a convenience translation of the Non-binding term sheet with Bank Hapoalim B.M. and Feit Synergy Ltd. for establishing a joint venture into English, see such Company's publication, published in March 15, 2022 (reference number: 2022-01-025944).

**2. Update to section 1.16 in chapter A of the Company's Annual Report- Entry by the Company into a Merger Agreement with On Track Innovations Ltd.**

On January 19, 2022, the Company entered into a binding Memorandum of Understanding with On Track Innovations Ltd. ("OTI") in connection with a two-stage transaction in the framework of which the Company will provide a loan to OTI and following which purchase all of the shares of OTI by way of a reverse triangular merger. On January 27, 2022, the Company entered into a Loan Agreement with OTI, under which the Company provided a loan to OTI in a total amount of US\$ 5.5 million. On March 17, 2022, the Company and a wholly owned Israeli subsidiary of the Company (that was established solely for the purpose of the transaction with OTI), entered into a Merger Agreement with OTI, according to which, on the date of completion of the Merger, a reverse triangular merger will be effected under which such subsidiary will be merged into OTI and will cease to exist, such that following such merger, OTI will become a private wholly-owned subsidiary of the Company, and the shareholders of OTI will be entitled to receive cash consideration from the Company in an aggregate amount of US\$ 4.5 million. On April 25, 2022, the Company extended OTI an additional loan in an amount of US\$1 million. On May 10, 2022, OTI's general assembly of shareholders approved the engagement by OTI in the Merger Agreement.

For more information, including the main terms of the Merger Agreement and the conditions to the completion of the transaction, see the immediate report published by the Company on March 17, 2022 (reference no: 2022-01-026616), which is included in this Report by way of reference.<sup>3</sup>

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<sup>3</sup> For a convenience translation of the Merger Agreement with On Track Innovations Ltd. into English, see such Company's publication, published in March 17, 2022 (reference number: 2022-01-031189).

**NAYAX LTD**  
**CONDENSED INTERIM FINANCIAL INFORMATION**  
**AS OF MARCH 31, 2022**  
**(Unaudited)**

**NAYAX LTD**  
**CONDENSED INTERIM FINANCIAL INFORMATION**  
**AS OF MARCH 31, 2022**  
**(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 March 31, 2022 and the condensed consolidated statements of income or loss, comprehensive income, changes in equity and cash flows for the three months 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  
May 18, 2022

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

**NAYAX LTD**  
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>March 31</u>		<u>December 31</u>
	<u>2022</u>	<u>2021</u>	<u>2021</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>U.S. dollars in thousands</u>		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	64,752	13,291	87,332
Short-term bank deposits	6,618	90	48
Restricted cash transferable to customers for Processing activity	33,054	15,415	23,695
Receivables in respect of processing activity	19,583	8,568	14,395
Trade receivable, net	20,034	12,793	19,338
Inventory	9,941	4,600	7,691
Other current assets	3,289	1,397	3,549
<b>Total current assets</b>	157,271	56,154	156,048
<b>NON-CURRENT ASSETS:</b>			
Long-term bank deposits	1,121	799	1,033
Other long-term assets	7,277	300	1,252
Investment in associate	7,871	-	8,372
Right-of-use assets, net	5,348	4,579	5,275
Property and equipment, net	6,056	5,160	6,225
Goodwill and intangible assets, net	39,313	35,380	37,801
Deferred income tax	-	241	-
<b>Total non-current assets</b>	66,986	46,459	59,958
<b>TOTAL ASSETS</b>	224,257	102,613	216,006

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

**NAYAX LTD**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	March 31		December 31
	2022	2021	2021
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank credit	-	11,490	-
Current maturities of long-term bank loans	1,156	2,150	2,406
Loans from shareholders	-	5,400	-
Current maturities of loans from others and other long-term liabilities	2,851	3,951	3,600
Current maturities of leases liabilities	1,547	1,235	1,502
Payables in respect of processing activity	57,857	29,624	42,826
Deferred consideration and liability for option arrangement in business combination	-	5,829	-
Trade payables	10,297	8,488	9,136
Other payables	12,436	6,199	10,718
Total current liabilities	86,144	74,366	70,188
NON-CURRENT LIABILITIES:			
Long-term bank loans	2,418	4,589	2,760
Long-term loans from others and other long-term liabilities	3,743	5,182	4,299
Post-employment benefit obligations, net	579	888	602
Lease liabilities	5,261	4,686	5,393
Deferred income taxes	1,012	980	1,088
Total non-current liabilities	13,013	16,325	14,142
TOTAL LIABILITIES	99,157	90,691	84,330
EQUITY:			
Equity attributed to parent company’s shareholders:			
Share capital	8	7	8
Additional paid in capital	150,460	16,689	150,366
Capital reserves	9,849	8,918	9,999
Accumulated deficit	(35,217)	(15,152)	(28,697)
Total equity attributed to shareholders of the company	125,100	10,462	131,676
Non-controlling interest	-	1,460	-
TOTAL EQUITY	125,100	11,922	131,676
TOTAL LIABILITIES AND EQUITY	224,257	102,613	216,006

\_\_\_\_\_  
**Yair Nechmad**  
CEO

\_\_\_\_\_  
**David Ben Avi**  
Director

\_\_\_\_\_  
**Sagit Manor**  
CFO

Date of approval of the financial statements: May 18, 2022.

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

**NAYAX LTD**  
CONDENSED CONSOLIDATED STATEMENT OF INCOME

		<u>Three months ended March 31</u>		<u>Year ended December 31</u>
		<u>2022</u>	<u>2021</u>	<u>2021</u>
		<u>(Unaudited)</u>		<u>(Audited)</u>
		<u>U.S. dollars in thousands</u>		
	<u>Note</u>	<u>(Excluding loss per share data)</u>		
Revenues	4	34,132	22,774	119,134
Cost of revenues		<u>(21,039)</u>	<u>(12,273)</u>	<u>(70,970)</u>
<b>Gross Profit</b>		13,093	10,501	48,164
Research and development expenses		(5,594)	(3,300)	(19,040)
Selling, general and administrative expenses		(14,825)	(8,316)	(45,379)
Depreciation and amortization in respect of technology and capitalized development costs		(1,045)	(878)	(3,810)
Other expenses, net		-	(161)	(1,879)
Equity method investee		<u>(501)</u>	<u>-</u>	<u>(538)</u>
<b>Loss from ordinary operations</b>		(8,872)	(2,154)	(22,482)
Finance expenses, net		<u>(858)</u>	<u>(84)</u>	<u>(1,655)</u>
<b>Loss before taxes on income</b>		(9,730)	(2,238)	(24,137)
Tax benefit (expense)		<u>(50)</u>	<u>56</u>	<u>(632)</u>
<b>Loss for the period</b>		<u>(9,780)</u>	<u>(2,182)</u>	<u>(24,769)</u>
<b>Attribution of loss for the period:</b>				
To shareholders of the Company		(9,780)	(2,176)	(24,763)
To non-controlling interests		<u>-</u>	<u>(6)</u>	<u>(6)</u>
<b>Total</b>		<u>(9,780)</u>	<u>(2,182)</u>	<u>(24,769)</u>
<b>Loss per share attributed to shareholders of the Company:</b>				
Basic and diluted loss per share		<u>(0.0299)</u>	<u>(0.0088)</u>	<u>(0.0820)</u>

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

**NAYAX LTD**  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	<b>Three months ended</b>		<b>Year ended</b>
	<b>March 31</b>		<b>December 31</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>U.S. dollars in thousands</b>		
<b>Loss for the period</b>	(9,780)	(2,182)	(24,769)
<b>Other comprehensive income (loss) for the period:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Gain from remeasurement of liabilities (net) in respect of post-employment benefit obligations	-	-	431
<b>Items that may be reclassified to profit or loss:</b>			
Gain (loss) from translation of financial statements of foreign activities	(150)	(384)	87
<b>Total comprehensive loss for the period</b>	<u>(9,930)</u>	<u>(2,566)</u>	<u>(24,251)</u>
<b>Attribution of total comprehensive loss for the period:</b>			
To shareholders of the Company	(9,930)	(2,496)	(24,181)
To non-controlling interests	-	(70)	(70)
<b>Total comprehensive loss for the period</b>	<u>(9,930)</u>	<u>(2,566)</u>	<u>(24,251)</u>

**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	Additional paid in capital	Remeasurement of post-employment benefit obligations	Other capital reserves	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, 2022 (audited)	8	150,366	102	9,503	394	(28,697)	131,676	-	131,676
Changes in the three months ended March 31, 2022 (unaudited):									
Loss for the period	-	-	-	-	-	(9,780)	(9,780)	-	(9,780)
Other comprehensive loss for the period	-	-	-	-	(150)	-	(150)	-	(150)
Employee options exercised	*	94	-	-	-	-	94	-	94
Share-based compensation	-	-	-	-	-	3,260	3,260	-	3,260
Balance at March 31, 2022 (unaudited)	8	150,460	102	9,503	244	(35,217)	125,100	-	125,100
Balance at January 1, 2021 (audited)	7	16,689	(329)	9,324	243	(13,433)	12,501	-	12,501
Changes in the three months ended March 31, 2021 (unaudited):									
Loss for the period	-	-	-	-	-	(2,176)	(2,176)	(6)	(2,182)
Other comprehensive loss for the period	-	-	-	-	(320)	-	(320)	(64)	(384)
Non-controlling interests from business combination	-	-	-	-	-	-	-	1,530	1,530
Share-based compensation	-	-	-	-	-	457	457	-	457
Balance at March 31, 2021 (unaudited)	7	16,689	(329)	9,324	(77)	(15,152)	10,462	1,460	11,922

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

The accompanying notes are an integral part of these financial statement

**NAYAX LTD**  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Equity attributed to shareholders of the Company								
	Share capital	Additional paid in capital	Remeasurement of post-employment benefit obligations	Other capital reserves	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, 2021 (audited)	7	16,689	(329)	9,324	243	(13,433)	12,501	-	12,501
Changes in 2021 (audited):									
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	-	-	-	-	-	-	-	1,530	1,530
IPO	1	132,559	-	-	-	-	132,560	-	132,560
Transactions with non-controlling interests	-	-	-	205	-	-	205	(1,460)	(1,255)
Business combination under common control	-	-	-	(26)	-	-	(26)	-	(26)
Employee options exercised	*	1,118	-	-	-	-	1,118	-	1,118
Share-based compensation	-	-	-	-	-	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.

The accompanying notes are an integral part of these financial statements

**NAYAX LTD**  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Three months ended March 31</b>		<b>Year ended December 31</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>U.S. dollars in thousands</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss for the period	(9,780)	(2,182)	(24,769)
Adjustments to reconcile net loss to net cash provided by operations (see Appendix A)	6,834	5,927	11,963
<b>Net cash provided by (used in) operating activities</b>	<b>(2,946)</b>	<b>3,745</b>	<b>(12,806)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capitalized development costs	(2,862)	(1,731)	(6,059)
Acquisition of property and equipment	(189)	(523)	(2,637)
Investments in associates	-	-	(6,449)
Loans repaid by (extended to) shareholders	-	(118)	61
Increase in bank deposits	(6,678)	(5)	(352)
Payments for acquisitions of subsidiaries, net of cash acquired	-	102	418
Payment of deferred consideration with respect to business combinations	-	(300)	(7,335)
Interest received	-	1	2
Investments in financial assets	(5,672)	-	(446)
Proceeds from sub-lessee	-	78	158
<b>Net cash used in investing activities</b>	<b>(15,401)</b>	<b>(2,496)</b>	<b>(22,639)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Initial public offering (IPO)	-	-	132,560
Interest paid	(141)	(266)	(630)
Changes in short-term bank credit	-	338	(11,393)
Royalties paid in respect to government assistance plans	-	(55)	(199)
Transactions with non-controlling interests	(186)	-	(1,069)
Repayment of long-term bank loans	(1,463)	(414)	(1,971)
Repayment of long-term loans from others	(942)	(446)	(2,175)
Receipt of loans from shareholders	-	5,400	8,900
Repayment of loans from shareholders	-	-	(8,900)
Decrease in other long-term liabilities	(75)	(72)	(295)
Employee options exercised	91	-	718
Principal lease payments	(451)	(317)	(1,406)
<b>Net cash provided (used in) by financing activities</b>	<b>(3,167)</b>	<b>4,168</b>	<b>114,140</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(21,514)</b>	<b>5,417</b>	<b>78,695</b>
<b>Balance of cash and cash equivalents at Beginning of period</b>	<b>87,332</b>	<b>8,195</b>	<b>8,195</b>
<b>Gains (losses) from exchange differences on cash and cash equivalents</b>	<b>(1,279)</b>	<b>(315)</b>	<b>626</b>
<b>Gains (losses) from translation of cash and cash equivalents of foreign activity</b>	<b>213</b>	<b>(6)</b>	<b>(184)</b>
<b>Balance of cash and cash equivalents at end of period</b>	<b>64,752</b>	<b>13,291</b>	<b>87,332</b>

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

**NAYAX LTD**  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Three months ended March 31		Year ended December 31
	2022	2021	2021
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
<b>Appendix A – adjustments to reconcile net loss to net cash provided by operations:</b>			
<u>Adjustments in respect of:</u>			
Depreciation and amortization	2,004	1,672	7,198
Post-employment benefit obligations, net	(23)	(6)	139
Deferred taxes	(54)	(74)	25
Finance expenses, net	954	130	269
Expenses in respect of long-term employee benefits	50	46	193
Share in losses of associate company	501	-	538
Long-term deferred income	(26)	-	(26)
Expenses in respect of share-based compensation	3,102	373	8,850
Total adjustments	6,508	2,141	17,186
<u>Changes in operating asset and liability items:</u>			
Decrease (increase) in restricted cash transferable to customers for processing activity	(9,359)	2,751	(5,529)
Increase in receivables from processing activity	(5,188)	(1,357)	(5,429)
Decrease (increase) in trade receivables	(1,067)	1,104	(5,136)
Decrease (increase) in other current assets	263	632	(1,352)
Decrease (increase) in inventory	(2,248)	436	(2,631)
Increase in payables in respect of processing activity	15,036	2,443	13,832
Increase (decrease) in trade payables	946	(2,658)	(3,775)
Increase in other payables	1,943	435	4,797
Total changes in operating asset and liability items	326	3,786	(5,223)
Total adjustments to reconcile net loss to net cash provided by operations	6,834	5,927	11,963
<b>Appendix B – Information regarding investing and financing activities not involving cash flows:</b>			
Purchase of property and equipment in credit	178	-	118
Acquisition of right-of-use assets through lease liabilities, net	380	74	1,428
Share based compensation costs attributed to development activities, capitalized as intangible assets	158	497	649
Exercised options recognized under other receivables	3	-	400

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

## **NAYAX LTD**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **NOTE 1 - GENERAL**

- a.** Nayax Ltd. (hereafter – the “Company”) was incorporated in January 2005. The Company provides processing and software as a service (SaaS) business operations solutions and services via a global platform. The Company is marketing its POS devices and SaaS solutions it developed in more than 60 countries worldwide (including Israel) through subsidiaries (the Company and the subsidiaries, hereafter – 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.

**b. The COVID crisis**

The COVID-19 pandemic (hereinafter: "COVID") has had, and continues to have, a significant impact around the world, causes global economic uncertainty and distress due to mandatory shutdowns of many businesses, slower manufacturing and disruption of national and international shipments and travel, 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 since 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.

#### **NOTE 2 - BASIS OF PREPARATION OF CONSOLIDATED CONDENSED FINANCIAL INFORMATION**

- a.** The condensed interim consolidated financial information of the Partnership as of March 31, 2022 and for the three-month interim periods ended on that date (hereinafter: "the Condensed 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 Condensed 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 2021 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 three-month periods ended March 31, 2022, do not necessarily provide indication of the results that can be expected in the year ended December 31, 2022.

# NAYAX LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

#### b. Estimates

The preparation of Condensed 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 Interim 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, 2021.

### NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies and calculation methods that have been applied in the preparation of the Condensed Interim Financial Information are consistent with those used in the preparation of the Group's 2021 consolidated annual report.

### NOTE 4 - REVENUE

	<b>Three months ended March 31</b>		<b>Year ended December 31</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>U.S. dollars in thousands</b>		
Revenue from the sale of integrated POS devices	11,617	9,300	47,987
Recurring revenue:			
SaaS revenue	10,347	7,509	34,641
Payment processing fee	12,168	5,965	36,506
	<u>22,515</u>	<u>13,474</u>	<u>71,147</u>
Total	<u>34,132</u>	<u>22,774</u>	<u>119,134</u>

### NOTE 5 - EVENTS DURING THE REPORTING PERIOD

#### a. Loan and merger agreement with On Track Innovation Ltd.

On January 19, 2022 the Company entered into a binding term sheet with On Track Innovations Ltd. (hereinafter - "OTI"), according to which the parties shall engage in a two-phase transaction, where in the first phase the Company shall provide a loan to OTI (hereinafter - "Loan") and thereafter the Company shall acquire 100% of OTI's shares by way of reverse triangular merger (hereinafter - "Merger").

On January 27, 2022, the Company executed a Loan agreement with OTI, according to which the Company extended a Loan to OTI totaling \$5.5 million to repay its outstanding debts. The Loan will be repaid in two years, bearing a 10% annual interest rate. The loan shall be secured by a floating charge over OTI's assets.

According to the Loan Agreement, the Company may, in its sole discretion, extend the Loan with additional amounts, in order to pay to any creditor of OTI from the date of the Loan agreement and until the closing of the Merger in order to allow OTI to continue to operate in the ordinary course (hereinafter - "Additional Amounts"). Additional Amounts, if any, will be deemed to be as part of a Loan and the terms of the Loan will apply to them in full.

## NAYAX LTD

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### NOTE 5 - EVENTS DURING THE REPORTING PERIOD (continued)

##### a. Loan and merger agreement with On Track Innovation Ltd. (continued):

On April 25, 2022, the Company extended OTI an additional loan amount of \$1 million. The Loan amount is presented under "other long-term assets" in the statement of financial position as of March 31, 2022. The loan is accounted for as a financial asset at fair value through profit or loss.

If the Merger agreement will not be put to the vote of the shareholders of OTI or if it will not be approved by the shareholders of OTI by the dates in the Loan agreement, for a reason that is not directly and exclusively related to the Company, then (a) the Company shall have the right to either demand the immediate repayment of the Loan from OTI only, or convert it into OTI's equity based on the determined price in the Loan agreement (b) if the Company elected not to demand the immediate repayment or conversion, the interest on the Loan shall be increased to the mentioned interest rate in the Loan agreement, and (c) OTI shall pay, upon demand by the Company, to the Company an agreed amount in the Loan agreement.

In addition, further to the Company's undertaking to use its commercially reasonable efforts to guarantee OTI a credit line in an amount of up to \$2 million to support OTI's working capital, the Company provided a guaranty to a bank in the sum of \$2.3 million. In addition, the Company provided guarantees to several of OTI's suppliers, to maintain continued supply of components and finished goods. The Company estimates, based on data provided by OTI, that the value of the purchases that the guarantees cover amounted to approximately \$3.5 million as of March 31, 2022.

On March 17, 2022, the Company entered into a Merger agreement with OTI, under which, on the date of the completion of the Merger, a reverse triangular merger will be effected under which OTI will become a private wholly-owned subsidiary of the Company for the consideration of \$4.5 million cash to be paid to OTI's shareholders. On May 10, 2022, OTI's general assembly of shareholders approved the Merger agreement.

##### b. Non-binding term sheet with Bank Hapoalim B.M. and Feit Synergy Ltd. for establishing a joint venture

On March 15, 2022 the Company entered into a nonbinding term sheet with Bank Hapoalim B.M. (hereinafter - "Bank Hapoalim") and Feit Synergy Ltd. (hereinafter - "Feit") a company controlled by Mr. Alon Feit (all of the parties jointly: the "Parties") for purpose of creating a joint venture under which the Parties shall establish and operate an innovative international platform, which shall provide financing options for small and medium businesses for acquiring POS devices, automated vending machines and electric vehicle charging stations. Under the terms of the term sheet, the Parties shall incorporate a new Israeli company (hereinafter - "JV Company"), with an initial holding structure according to which 42% of the JV Company's share capital shall be held by the Company, 24% by Feit, 20% by Bank Hapoalim and 14% by a trustee for future share allocation by the JV Company to its employees, officers and service providers. The term sheet sets forth that the Company shall invest in the JV Company an amount of \$1.5 million, Feit shall invest in the JV Company an amount of \$0.5 million, and Bank Hapoalim shall invest in the JV Company an amount of \$1.5 million.

## NAYAX LTD

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### NOTE 5 - EVENTS DURING THE REPORTING PERIOD (continued)

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

Further to note 6d to the 2021 consolidated financial statements, on March 2022, the shareholders extended a shareholders' loan to Nilus at the total amount of NIS 5 million (approximately \$1.5 million), with Nayax Retail's share in the loan amounted to NIS 600 thousand (approximately \$186 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 March 31, 2022. The loan is accounted for as a financial asset at fair value through profit or loss.

#### NOTE 6 - 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 7 - SHARE-BASED COMPENSATION

##### March 28, 2022 award

On March 28, 2021, the Company allotted 2,155,000 options and 450,000 restricted share units (RSUs) to employees of the Company and subsidiaries.

The vesting period of the options and RSUs is 4 years, with 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 exercised within 5 years of inception date will expire.

Allotment date	Share price	Exercise price	Expected term	Risk-free interest rate	Average standard deviation	Fair value
March 28, 2022 – Options	\$1.84	\$2.04	5	2.5%	55.5%	0.87
March 28, 2022 – RSUs	-	-	-	-	-	1.84

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 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.

**NAYAX LTD**

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

As of March 31, 2022

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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 March 31, 2022 and for the three-month period 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 audits.

### **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,  
May 18, 2022

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

	<b>March 31</b>		<b>December 31</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>U.S. dollars in thousands</b>		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	44,424	2,163	72,310
Short-term bank deposits	6,567	60	-
Investee companies	36,332	15,394	27,874
Related parties	-	380	-
Trade receivable, net	3,471	3,573	2,908
Inventory	7,918	2,221	6,429
Other current assets	2,890	1,240	3,214
<b>Total current assets</b>	<b>101,602</b>	<b>25,031</b>	<b>112,735</b>
<b>NON-CURRENT ASSETS:</b>			
Long-term bank deposits	1,121	799	1,033
Other long-term assets	5,571	300	-
Right-of-use assets, net	4,825	4,256	5,082
Property and equipment, net	5,200	4,764	5,428
Intangible assets, net	19,829	18,413	18,501
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	22,724	13,919	24,064
<b>Total non-current assets</b>	<b>59,270</b>	<b>42,451</b>	<b>54,108</b>
<b>TOTAL ASSETS</b>	<b>160,872</b>	<b>67,482</b>	<b>166,843</b>

**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

	<b>March 31</b>		<b>December 31</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>U.S. dollars in thousands</b>		
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Short-term bank credit	-	11,490	-
Current maturities of long-term bank loans	1,156	2,150	2,406
Loans from shareholders	-	5,400	-
Current maturities of loans from others and other long-term liabilities	2,691	3,951	3,445
Current maturities of leases liabilities	1,341	1,045	1,310
Payables in respect of processing activity	1,522	602	689
Liabilities in connection with acquisition of investees	-	5,829	-
Trade payables	9,235	7,682	7,520
Other payables	8,400	4,061	7,013
<b>Total current liabilities</b>	<b>24,345</b>	<b>42,210</b>	<b>22,383</b>
<b>NON-CURRENT LIABILITIES:</b>			
Long-term bank loans	2,418	4,222	2,760
Long-term loans from others and other long-term liabilities	3,498	5,182	4,051
Post-employment benefit obligations, net	579	888	602
Lease liabilities	4,932	4,518	5,371
<b>Total non-current liabilities</b>	<b>11,427</b>	<b>14,810</b>	<b>12,784</b>
<b>TOTAL LIABILITIES</b>	<b>35,772</b>	<b>57,020</b>	<b>35,167</b>
<b>Total equity attributed to shareholders of the company</b>	<b>125,100</b>	<b>10,462</b>	<b>131,676</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>160,872</b>	<b>67,482</b>	<b>166,843</b>

\_\_\_\_\_  
**Yair Nechmad**  
CEO

\_\_\_\_\_  
**David Ben Avi**  
Director

\_\_\_\_\_  
**Sagit Manor**  
CFO

Date of approval of the financial statements: May 18, 2022.

**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**

		<b>Three months ended March 31</b>		<b>Year ended December 31</b>
		<b>2022</b>	<b>2021</b>	<b>2021</b>
		<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>Note</b>	<b>U.S. dollars in thousands</b>		
Revenues	3	20,201	12,709	68,489
Cost of revenues		(11,824)	(6,860)	(40,726)
<b>Gross Profit</b>		8,377	5,849	27,763
Research and development expenses		(4,597)	(3,011)	(17,199)
Selling, general and administrative expenses		(9,861)	(4,893)	(26,712)
Amortization in respect of capitalized development costs		(833)	(734)	(2,931)
Other expenses, net		-	(161)	(1,798)
<b>Loss from ordinary operations</b>		(6,914)	(2,950)	(20,877)
Finance expense, net		(747)	(190)	(1,124)
<b>Loss after finance expense, net</b>		(7,661)	(3,140)	(22,001)
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		(2,119)	964	(2,762)
<b>Loss for the period</b>		(9,780)	(2,176)	(24,763)
<b>Other Comprehensive income (loss):</b>				
<b>Items that will not be recycled to profit or loss:</b>				
Loss from remeasurement of liabilities (net) for retirement benefit obligations		-	-	431
<b>Items that may be recycled to profit or loss:</b>				
Other Comprehensive income (loss) in respect of investee companies		(150)	(320)	151
<b>Total comprehensive loss for the period</b>		<b>(9,930)</b>	<b>(2,496)</b>	<b>(24,181)</b>

**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**

	<b>Three months ended March 31</b>		<b>Year ended December 31</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>U.S. dollars in thousands</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss for the period	(9,780)	(2,176)	(24,763)
Adjustments required to reflect the cash flow from operating activities (see Appendix A)	427	1,960	796
<b>Net cash used in operating activities</b>	<b>(9,353)</b>	<b>(216)</b>	<b>(23,967)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capitalized development costs	(2,009)	(1,578)	(4,532)
Acquisition of property and equipment	(24)	(469)	(2,316)
Loans extended to others	-	-	-
Investments in associates	(456)	(398)	(15,252)
Payment of deferred consideration with respect to business combinations	-	(300)	-
Receipt (repayment) of shareholders' loans	-	(118)	61
Increase (decrease) in bank deposits	(6,678)	2	(352)
Interest received	-	-	2
Investments in financial assets	(5,672)	-	-
Proceeds from sub-lessee	-	78	158
<b>Net cash used in investing activities</b>	<b>(14,839)</b>	<b>(2,783)</b>	<b>(22,231)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Initial public offering (IPO)	-	-	132,560
Interest paid	(141)	(261)	(613)
Changes in short-term bank credit	-	338	(11,393)
Royalties paid in respect to government assistance plans	-	(55)	(199)
Receipt of long-term bank loans	-	-	-
Repayment of long-term bank loans	(1,463)	(299)	(1,488)
Receipt of long-term loans from others	-	-	-
Repayment of long-term loans from others	(942)	(446)	(2,175)
Receipt of loans from shareholders	-	5,400	8,900
Repayment of loans from shareholders	-	-	(8,900)
Decrease in other long-term liabilities	(75)	(72)	(295)
Employee options exercised	91	-	718
Principal lease payments	(452)	(272)	(1,145)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,982)</b>	<b>4,333</b>	<b>115,970</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(27,174)</b>	<b>1,334</b>	<b>69,772</b>
<b>Balance of cash and cash equivalents at Beginning of period</b>	<b>72,310</b>	<b>1,095</b>	<b>1,095</b>
<b>Gains (losses) from exchange differences on cash and cash equivalents</b>	<b>(712)</b>	<b>(318)</b>	<b>1,443</b>
<b>Gains from translation of cash and cash equivalents of foreign activities</b>	<b>-</b>	<b>52</b>	<b>-</b>
<b>Balance of cash and cash equivalents at end of period</b>	<b>44,424</b>	<b>2,163</b>	<b>72,310</b>

**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**

	Three months ended March 31		Year ended December 31
	2022	2021	2021
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
<b>Appendix A – adjustments required to reflect the cash flows from operating activities:</b>			
<u>Adjustments in respect of:</u>			
Losses in respect of associate company	2,119	(964)	2,762
Depreciation and amortization	1,549	1,395	5,315
Post-employment benefit obligations, net	(23)	(6)	139
Finance expenses, net	268	62	(1,026)
Expenses in respect of long-term employee benefits	50	46	193
Long-term deferred income	(26)	-	(26)
Expenses in respect of share-based compensation	2,628	373	7,462
Total adjustments	6,565	906	14,819
<u>Changes in operating asset and liability items:</u>			
Decrease (increase) in trade receivable	(462)	(168)	522
Decrease (increase) in balance of investee companies	(8,457)	1,577	(10,903)
Decrease in related parties	-	867	1,247
Decrease (increase) in other current assets	327	584	(1,247)
Increase in inventory	(1,489)	(46)	(4,250)
Increase in payables in respect of processing activity	833	39	126
Increase (decrease) in trade payables	1,537	(2,580)	(2,936)
Increase in other payables	1,573	781	3,418
Total changes in operating asset and liability items	(6,138)	1,054	(14,023)
Total adjustments required to reflect the cash flow from operating activities	427	1,960	796
<b>Appendix B – Information regarding investing and financing activities not involving cash flows:</b>			
Purchase of property and equipment on credit	178	-	118
Recognition of right-of-use asset in respect of lease of buildings against a lease liability	-	74	1,428
Share based compensation costs attributed to development activities, capitalized as intangible assets	158	388	649
Exercised options against other receivables	3	-	400

**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 March 31, 2022 and the three-month period 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, 2021.

##### 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 60 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").

# 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 (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

	<b>Three months ended March 31</b>		<b>Year ended December 31</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>U.S. dollars in thousands</b>		
Revenue from the sale of integrated POS devices	11,494	7,706	42,108
Recurring revenue	8,707	5,003	26,381
Total	20,201	12,709	68,489