



Nayax Ltd.
(the "Company")

Board of Directors' Report on the State of the Company's Affairs

As of June 30, 2022

Nayax Ltd.
The Board of Directors' Report on the State of the Company's Affairs
For the periods of three and six months ended June 30, 2022

The Company's board of directors hereby respectfully submits the Board of Directors' report on the state of the Company's affairs for the three and six months' periods ended on June 30, 2022 (the "**Report**", and "**Q2 of 2022**" and the "**Reported Period**", respectively), 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**")¹ and the Company's quarterly report for the three-month period ended 31 March, 2022 (published May 19, 2022, reference no: 2022-01-049626).

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. 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

¹ 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).

Company's control, including the risk factors set out in Section 1.35 of the Annual Report.

1.2. 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.

1.3. Listing of the Company's shares for trading on NASDAQ

On February 4, 2022, the Company filed with the U.S. Securities and Exchange Commission (the "**SEC**") a non-public draft of document for listing the Company's shares for trading on a stock exchange in the United States (Registration Statement on Form F-1), as part of examining such possibility. As of the date of this Report, the Company is progressing in the process of registering its shares for trading on NASDAQ (the "**Registration Process**"). Following the completion of said process (to the extent completed): (a) the Company's shares will be listed for trading both on the Tel-Aviv Stock Exchange Ltd. and on NASDAQ; and (b) following the approval from July 25, 2022, by the Company's shareholders in accordance with the provisions of Section 35FF(c) of the Securities Law, 5728-1968 (the "**Securities Law**"), the Company will transition from reporting in accordance with the provisions of Chapter F of the Securities Law to reporting in accordance with the provisions of Chapter E3 of the Securities Law, such that as of the date of such transition, the Company will make public filings in accordance with the requirements of the U.S. securities laws and stock exchange regulations, and in parallel with such filings by the Company of reports with the SEC, the Company will publish the same reports in the distribution website of the Israel Securities Authority (Magna).

It should be noted that as of the date of this Report, there is no certainty regarding the completion of the Registration Process or its timing. The completion of the Registration Process is subject, inter alia, to the Company's discretion, the existence of appropriate market conditions, the receipt of the SEC's approval and the receipt of final approval by the Company's Board of Directors for the completion of the Registration Process.

1.4. 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 and six-months periods ended June 2022:

Period Key metric	As of June 30,		As of December 31, 2021
	2022	2021	
Connected and managed points of sale (thousands)	595	432	517

Period Key metric	As of June 30		As of December 31, 2021
	2022	2021	
Number of customers	38,000	24,000	30,000

Period Key metric	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31, 2021
	2022	2021	2022	2021	
Number of transactions	585	330	316	186	795
The financial value of the transactions (in USD millions)	1,074	590	585	343	1,425

1.5. *Dealing with macro economic conditions and effects:*

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 and in Q2 of 2022, POS devices sales accounted for approximately 40% and 38% 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. These estimates are mainly based on the information that is known as of the date of this Report. It is clarified that there is no certainty whatsoever that all or part of such estimates will 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.

Inflation and interest rate

Since 2021, there was an increase in inflation rates all over the world. During 2021 the consumer price index in Israel (the "CPI") increased by 2.8% and keeps increasing during 2022. As of July 2022, the increase in the CPI reflected an annual increase of 5.2%.

Along with the global increase in inflation, the central banks in few countries over the world decided to raise the interest rates in order to curb the prices increase. In April 2022, the Bank of Israel decided to raise the interest rate, in several increments, up to the current level of approximately 1.25%. According to the forecasts of the Bank of Israel, by the second quarter of 2023 the interest rate would increase by 1.5% and reach to 2.75%.

As of the date of this Report, the increases in inflation rates and in interest rates described above have no material impact on the Company's results and financial statements.

2. Financial position

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

Item	As of June 30		As of December 31, 2021	Explanations of the Board of Directors
	2022	2021		
Current assets	161,955	174,825	156,048	The decrease in current assets as of June 30, 2022, compared to current assets as of June 30, 2021, mostly derived from a decrease in cash and cash equivalents as a result of operating activities to provide working capital for current and future operations and investments. This was offset by an increase in the balance of receivables in respect of processing activity, trade receivables and restricted cash transferable to customers, 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' prices and inventory purchasing in order to keep the Company's manufacturing capability.
Non-current assets	74,299	51,049	59,958	The increase in non-current assets as of June 30, 2022, compared to non-current assets as of June 30 2021, mostly derived from an increase in goodwill and intangible assets primarily due to additional investments in the Company's products and from an investment in associate following the acquisition of Tigapo Ltd. ("Tigapo") during Q3 of 2021 and from the purchase of OTI during Q2 of 2022.
Current liabilities	106,810	70,741	70,188	The increase in current liabilities as of June 30, 2022, compared to current liabilities as of June 30, 2021, mostly derived from an increase in trade payables and payables in respect of processing activity, which derived from an increase in the Company's activity, from an increase in inventory purchasing and OTI's acquisition.
Non-current liabilities	12,354	15,096	14,142	The decrease in non-current liabilities as of June 30, 2022, compared to non-current liabilities as of June 30, 2021, mostly derived from the repayment of loans.
Equity	117,090	140,037	131,676	The decrease in equity as of June 30, 2022, compared to the equity as of June 30, 2021, mainly derived from the Company's losses.

2.1. Results of Operations

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

Item	Six months ended June 30		Three months ended June 30		Year ended December 31, 2021	Explanations of the Board of Directors
	2022	2021	2022	2021		
Revenues	75,343	53,775	41,211	31,001	119,134	<p>The increase in revenues in Q2 2022 and in the Reported Period compared to the corresponding periods of 2021 derived from the following factors:</p> <ol style="list-style-type: none"> 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 Q2 of 2022 the total revenues from the sale of integrated POS devices were USD 15.8 million, compared to USD 13.8 million in Q2 of 2021, an increase of 14.5%. In the Reported Period the total revenues from the sale of integrated POS devices were USD 27.4 million, compared to USD 23.1 million in the corresponding period of 2021, an increase of 18.6%. 2. An increase in recurring revenues (deriving from services and processing) due to growth in the number of active and paying POS devices and an increase in processing activity and transactions generated by the Company's customers. In Q2 of 2022 the total recurring revenues (deriving from services and processing) were USD 25.4 million compared to USD 17.2 million in Q2 of 2021, an increase of approximately 47.7%. In the Reported Period the total recurring revenues were USD 47.9 million, compared to USD 30.7 million in the corresponding period of 2021, an increase of 56%. 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. <p>In Q2 2022 and in the Reported Period, 38% and 36% of the Company's revenues derived from revenues from sale of integrated POS devices and 62% and 64% from recurring revenues (deriving from services and processing), respectively compared to the corresponding periods of 2021, during which 44% and 43% of the Company's revenues derived from revenues from sale of integrated POS devices and approximately 56% and 57% from recurring revenues (deriving from services and processing), respectively.</p>

Item	Six months ended June 30		Three months ended June 30		Year ended December 31, 2021	Board of directors' explanations
	2022	2021	2022	2021		
Cost of revenues	48,144	29,953	27,105	17,680	70,970	The increase in cost of revenues in Q2 of 2022 and in the Reported Period compared to the corresponding periods of 2021, derived from an increase in the Company's revenues. In addition, the cost of components used in manufacturing of the Company's products increased due to the global components shortage.
Gross profit	27,199	23,822	14,106	13,321	48,164	<p>The gross profit rates during the presented periods are: in the three months ended on June 30, 2022: 34%; in the three months ended on June 30, 2021: 43%; in the six months ended on June 30, 2022: 36%; in the six months ended on June 30, 2021: 44%.</p> <p>The gross profit rate for sale of integrated POS devices in Q2 of 2022 and in the Reported Period is 7%, compared to 27% and 26% in the corresponding periods of 2021, respectively. The gross profit rate decreased mainly due to the increase in components costs used for 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. The gross profit rate for recurring revenues in Q2 of 2022 and Reported Period is 51% and 53%, respectively, 56% and 58% in the corresponding periods of 2021, respectively. The gross profit rate decreased mainly due to the revenue mix between SaaS and processing revenue.</p>
Research and development expenses	10,692	8,022	5,098	4,722	19,040	The increase in research and development costs in Q2 of 2022 and in the Reported Period compared to the corresponding periods of 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.

Item	Six months ended June 30,		Three months ended March 31,		Year ended December 31, 2021	Board of directors' explanations
	2022	2021	2022	2021		
Sale, administrative, and general expenses	29,946	18,619	15,121	10,303	45,379	The increase in sale, administrative, and general costs in Q2 of 2022 and in the Reported Period compared to the corresponding periods of 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, in the Reported Period 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.
Depreciation and amortization in respect of technology and capitalized development expenses	2,111	1,698	1,066	820	3,810	The increase in the depreciation and amortization costs in Q2 of 2022 and in the Reported Period compared to the corresponding periods of 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.
Other expenses	866	1,706	866	1,545	1,879	The other expenses in Q2 of 2022 and in the Reported Period are attributed to costs deriving from the Registration Process (as such term is defined in Section 1.3 above), while in the corresponding periods of 2021 such expenses were attributed to costs deriving from the Company's IPO on the TASE, 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 for 2021 expenses also non-recurring bonuses to employees and service providers.
Equity method investee	1,071	57	570	57	538	During 2021, the Company acquired shares of Tigapo. The investment is treated as investment in an associate. Each period, the Company recognizes its share in the results of Tigapo's operations.
Operating loss	17,487	6,280	8,615	4,126	22,482	The increase in operating loss mainly derived from an increase in cost of revenues and operating costs as explained above.
Finance expenses, net	2,357	1,710	1,499	1,626	1,655	The increase in finance expenses in the Reported Period compared to the corresponding periods of 2021 derived from exchange rate fluctuations and offset by revaluation of options that were recognized in relation to the Tigapo and Weezmo acquisitions.

Item	Six months ended June 30,		Three months ended March 31,		Year ended December 31, 2021	Board of directors' explanations
	2022	2021	2022	2021		
Adjusted EBITDA *	(6,449)	1,481	(3,184)	1,429	(4,017)	See calculation below.
Capital investments (CAPEX)	6,730	3,620	3,679	1,366	8,696	The increase in capital investments in Q2 2022 and in the Reported Period compared to the corresponding periods of 2021 derived from investments in research and development of new products and integrations.

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

EBITDA and Adjusted EBITDA are metrics that are 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 and equity method investee losses as set forth below:

Item	Six-months ended June 30		Three-months ended June 30		2021
	2022	2021	2022	2021	
Net loss	(20,129)	(8,042)	(10,349)	(5,860)	(24,769)
Net financing expenses	2,357	1,710	1,499	1,626	1,655
Tax expenses	285	52	235	108	632
Depreciation and amortization	3,936	3,433	1,932	1,761	7,198
EBITDA	(13,551)	(2,847)	(6,683)	(2,365)	(15,284)
Share-based compensation expenses	5,165	2,565	2,063	2,192	8,850
Other expenses	866	1,706	866	1,545	1,879
Equity method investee	1,071	57	570	57	538
Adjusted EBITDA (*)	(6,449)	1,481	(3,184)	1,429	(4,017)

(*) On a like to like comparison, when eliminating from the Adjusted EBITDA certain events that occurred since Q3 2021, which include the adoption by the Company for the first time of a bonus program to non-sales employee's and the effect of the increase in prices of components due to the global components shortage, the Adjusted EBITDA for Q2 2022 and for the Reported Period amounts to USD 1.3 million gain and USD 1 million gain respectively, and the Adjusted EBITDA for 2021 amounts to a USD 1 million gain.

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

Item	Six months ended June 30		Three months ended June 30		Year ended December 31, 2021	Board of directors' explanations
	2022	2021	2022	2021		
Net cash provided by (used in) operating activities	(18,187)	836	(15,241)	(2,909)	(12,806)	The increase in cash used for current activity in Q2 of 2022 and in the Reported Period compared to the corresponding periods of 2021 derived from investments in the Company's growth, which is manifested in the increase of payroll costs and in an increase in the Company's inventory as a result of an increase of the components' price and inventory purchasing in order to keep the Company's manufacturing capability.
Net cash used in investing activities	(19,989)	(12,891)	(4,588)	(10,395)	(22,639)	The decrease in cash used for investing activity in Q2 of 2022 compared to Q2 of 2021 derived from payments related to acquisitions of Weezmo, Nayax Retail and Tigapo during 2021 The increase in cash used for investment activity in the Reported Period compared to the corresponding period of 2021 derived from investments in research and development of new products and integrations, from a loan provided by the Company to OTI and from cash deposit compared to payments related to acquisitions of Weezmo, Nayax Retail and Tigapo during 2021.
Net cash provided (used in) by financing activities	(4,065)	117,278	(898)	113,110	114,140	The decrease in cash provided by financing activity in Q2 of 2022 and in the Reported Period compared to the corresponding periods of 2021 derived from the initial public offering on the TASE and offset by repayment of short term credit during 2021.
Balance of cash and cash equivalents as of the end of the period	41,762	113,050	41,762	113,050	87,332	--

2.3. **Financing sources**

- 2.3.1. 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. On August 9, 2022, the short-term credit facility provided to the Company by an Israeli bank (which is mentioned in Section 1.25.4.1 in chapter A of the Annual Report) was renewed in an amount of ILS 35 million. This credit facility has the same terms as mentioned in Section 1.25.4.1 in chapter A of the Annual Report. 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 1.5 in chapter A of the Annual Report. 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 Q2 of 2022, 800,724 options which were granted under such plans were exercised into 800,724 ordinary shares of the Company, against payment to the Company of exercise prices in a total amount of approximately USD 303 thousand.
- 2.3.2. The average balance of the Company's long-term loans in Q2 of 2022 and in the Reported Period was approximately USD 5.3 and USD 5.9, respectively, compared to USD 11.5 million and USD 11.9 million in the corresponding periods of 2021, respectively. The decrease in long-term loans mostly derived from the repayment of loans provided by banks and others.
- 2.3.3. As of Q2 of 2022 and the Reported Period, the Company has short-term credit in an amount of USD 2 million, compared to average balance of USD 10.6 million and USD 14 million in the corresponding periods in 2021, respectively. The decrease in short-term credit derived from the repayment of short-term bank credit during 2021.
- 2.3.4. The average credit from suppliers in Q2 of 2022 and in the Reported Period was approximately USD 16.2 and USD 15.6, respectively, compared to USD 8.6 million and USD 9.9 million respectively, in the corresponding periods in 2021.
- The average credit to customers in Q2 of 2022 and in the Reported Period was approximately USD 22.9 and USD 22.5, respectively, compared to USD 14.7 million and USD 15.3 million respectively in the corresponding periods of 2021.

2.4. **Pro-Forma Event Data**

For pro-forma event data in connection with the purchase of OTI, see Note 8 in the Company's consolidated financial statements for the six months' period ended on June 30, 2022.

3. **Material events occurred following the date of the financial statements**

For material events which occurred following June 30, 2022, see Note 9 to the Company's consolidated financial statements for the six months period ended on June 30, 2022.

August 16, 2022

Yair Nechmad
CEO and Chairman of the Board

David Ben-Avi
Director

Material changes that occurred in the Company's business during and after the Reported Period with respect to matters that are required to be described in Chapter A of 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 six months' period ended on June 30, 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 - Entry into an agreement with Bank Hapoalim B.M and Feit Synergy Ltd. for the establishment of a joint venture

On March 15, 2022, the Company entered into a non-binding Term Sheet ("MOU") 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. On June 9, 2022, the Parties entered into a binding agreement based on the material principles included in the MOU. For additional information see the immediate reports published by the Company on March 15, 2022 (reference no: 2022-01-030259) and on June 5, 2022 (reference no: 2022-01-059004), which are included in this Report by way of reference.²

2. Update to Section 1.16 in chapter A of the Company's Annual Report- Merger 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. In accordance with the provisions of said Memorandum of Understanding, 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 USD 5.5 million. On April 25, 2022, the Company extended OTI an additional loan in an amount of USD 1 million, which that the total amount of the OTI's loan changed to USD 6.5 million.

² For a convenience translation into English of the immediate report regarding the entry by the Company into a non-binding term sheet with Bank Hapoalim B.M. and Feit Synergy Ltd., see such Company's publication, published on March 15, 2022 (reference number: 2022-01-025944).

On March 17, 2022, the Company and a wholly owned Israeli subsidiary of the Company (which was established solely for the purpose of the transaction with OTI) (the "**Target Company**"), 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, in the framework of which the Target Company 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 USD 4.5 million (the "**Merger**").

On May 10, 2022, OTI's general assembly of shareholders approved the engagement by OTI in the Merger Agreement.

On June 9, 2022 the Merger was completed, such that the Target Company merged into OTI and ceased to exist, OTI became a private wholly-owned subsidiary of the Company, and the shareholders of OTI received, from the Company, an aggregate cash consideration of USD 4.5 million.

For more information, see the immediate reports published by the Company on January 20, 2022 (reference no: 2022-01-008883) and on January 30, 2022 (reference no: 2022-01-011415) and on March 17, 2022 (reference no: 2022-01-026616) and on May 11, 2022 (reference no: 2022-01-046353) and on June 9, 2022 (reference no: 2022-01-059037), which are included in this Report by way of reference.

3. **Update to Section 1.13 in chapter A of the Company's Annual Report - Entry into a Master Software, Subscription, Equipment and Services Agreement with Compass Group USA**

On July 25, 2022, Nayax LLC ("**Nayax USA**"), a wholly owned subsidiary of the Company, entered into a Master Software, Subscription, Equipment and Services Agreement (the "**Agreement**") with Compass Group USA, Inc. (doing business as "**Canteen**"), for the provision by Nayax USA, to Canteen and its affiliates, of the Company's solutions and services for unattended points of sale.

To the Company's knowledge, Canteen is a Tier-1 US foodservice and support services corporation, which manages approximately 200,000 unattended points-of-sale, with approximately 200,000 additional unattended points-of-sale which are managed by Canteen's franchisees, and is the US arm of the world's largest contract foodservice company, Compass Group PLC (LON: CPG).

Prior to the engagement in the Agreement Nayax USA has supplied the Company's hardware and is providing services to some 50,000 unattended points-of-sale managed by Canteen and by several of Canteens' franchisees, under a Pilot Agreement which was entered into by the parties in 2020, and the engagement by Nayax USA in an additional agreement with Canteen constitutes, from the Company's perspective, evidence of Canteen's satisfaction with the Company's unattended products and services, and marks the Company as a preferred cashless technology provider of Canteen.

Within the framework of the Agreement, Canteen has undertaken to purchase, during 2022, not less than 10,000 additional connected POS devices from the Company. The Company believes that actual number of connected POS devices Canteen and its franchisees will purchase over the life of the Agreement will be substantially higher.

The Company's estimates regarding the number of connected POS devices Canteen and its franchisees will purchase over the life of the Agreement constitute forward-looking information, as such term is defined in the Securities Law, the materialization of which is uncertain and is not solely in the Company's control. Such estimations are based, inter alia, on the information known to the Company as of the date of this Report, and may not materialize, or 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 Company's Annual Report.

For more information, see the immediate report published by the Company on July 26, 2022 (reference no: 2022-01-078234), which is included in this Report by way of reference.

4. Update to Section 1.12 in chapter A of the Company's Annual Report - Launch by the Company of CoinBridge – a New Payment Solution

On August 2, 2022, the Company has obtained an issuer license from MasterCard, which allows it to issue pre-paid and debit cards, as part of a new solution called "CoinBridge", that the Company expects to launch during 2022 year, first in Israel, and then in other additional territories, gradually.

CoinBridge is a solution that converts any virtual asset into real currency and purchases, turning any existing loyalty app into an e-wallet. By utilizing CoinBridge's solution, retailers and loyalty clubs will be able to offer their members a way to spend their rewards, points, giftcards and any other loyalty benefits at any shop worldwide, both in store and online - seamlessly, just as if they were using Google Pay or Apple Pay wallets. CoinBridge's patented (pending) technology requires no merchant or website integration whatsoever, making the first of its kind solution, compatible with any credit card accepting merchant and website worldwide.

For more information, see the immediate report published by the Company on August 2, 2022 (reference no: 2022-01-080049), which is included in this Report by way of reference.

The Company's estimates regarding the launch of the CoinBridge solution in Israel and in other territories, as described above, constitute forward-looking information, as such term is defined in the Securities Law, 5728-1968. Such estimations are based on the information known to the Company as of the date of this report, and may not materialize, or 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 Company's Annual Report.

5. Update to Section 1.20 of the Company's Annual Report- Intangible Assets

5.1. Update to Section 1.20.1.7- Patents

The Company filed for five additional patents in Israel, as details below:

No.	Filing Number	Patent Title	Filing Date	Country	Status
5	292283	System, device and method for digital payment	April 14, 2022	Israel	Patent pending
6	294174	System, device and method for verifying payment validity	June 19, 2022	Israel	Patent pending
7	294090	System, device, and method of digital payment for vehicle usage	June 21, 2022	Israel	Patent pending
8	PCT/IL2022/050654	System, device and method for digital payment	June 19, 2022	PCT	Patent pending
9	PCT/IL2022/050755	System, device and method for digital payment	July 13, 2022	PCT	Patent pending

5.2. Update to Section 1.20.2- Trademarks

During July 2022 the Company filed for a CoinBridge (Design) Trademark in the following countries: Israel, Australia, Canada, Switzerland, China, European Union, United Kingdom, Japan, Republic of Korea, New Zealand, Singapore, Turkey, Ukraine, United States of America and India. Such filings are currently pending.

6. Update to Section 1.25.4.1 in chapter A of the Company's Annual Report – Credit Facility

See Section 1.7.1 to the Board of Directors' Report attached hereto.

NAYAX LTD
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF JUNE 30, 2022
(Unaudited)

NAYAX LTD
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF JUNE 30, 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 June 30, 2022 and the condensed consolidated statements of loss, comprehensive loss, changes in shareholders' equity and cash flows for the six and 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.

In addition, we reviewed the proforma financial information of the Company, together with the acquired operations of On Track Innovation Ltd., as presented in note 8 to the condensed consolidated financial statements, including the proforma loss and comprehensive loss information as of June 30, 2022 and the six and three-month period then ended. The Company's board of directors and management are responsible for the preparation and presentation of this proforma financial information for these interim periods in accordance with Regulation 38B to the Securities Regulations (Periodic and Immediate Reports), 1970.

Our responsibility is to express a conclusion on this interim proforma financial information based on our 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 proforma 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.

Based on our review, nothing has come to our attention that causes us to believe that the above proforma financial information is not in compliance, in all material respects, with Regulation 38B to the Securities Regulations (Periodic and Immediate Reports), 1970, based on the assumptions listed in note 8 to the condensed consolidated financial statements.

Tel Aviv, Israel
August 16, 2022

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

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30		December 31
	2022	2021	2021
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	41,762	113,050	87,332
Short-term bank deposits	6,122	99	48
Restricted cash transferable to customers for Processing activity	32,716	23,050	23,695
Receivables in respect of processing activity	22,360	14,812	14,395
Trade receivable, net	25,666	16,678	19,338
Inventory	21,428	5,133	7,691
Other current assets	11,901	2,003	3,549
Total current assets	161,955	174,825	156,048
NON-CURRENT ASSETS:			
Long-term bank deposits	1,367	817	1,033
Other long-term assets	2,011	880	1,252
Investment in associate	7,301	2,092	8,372
Right-of-use assets, net	6,816	5,803	5,275
Property and equipment, net	6,563	4,805	6,225
Goodwill and intangible assets, net	50,241	36,450	37,801
Deferred income tax	-	202	-
Total non-current assets	74,299	51,049	59,958
TOTAL ASSETS	236,254	225,874	216,006

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

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	June 30		December 31
	2022	2021	2021
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank credit	2,000	3	-
Current maturities of long-term bank loans	1,067	2,355	2,406
Current maturities of loans from others and other long-term liabilities	2,485	3,910	3,600
Current maturities of leases liabilities	1,892	1,269	1,502
Payables in respect of processing activity	58,466	46,202	42,826
Deferred consideration for business combination	4,500	871	-
Trade payables	22,133	8,767	9,136
Other payables	14,267	7,364	10,718
Total current liabilities	106,810	70,741	70,188
NON-CURRENT LIABILITIES:			
Long-term bank loans	1,960	3,701	2,760
Long-term loans from others and other long-term liabilities	3,062	3,430	4,299
Post-employment benefit obligations, net	614	943	602
Lease liabilities	5,829	5,835	5,393
Deferred income taxes	889	1,187	1,088
Total non-current liabilities	12,354	15,096	14,142
TOTAL LIABILITIES	119,164	85,837	84,330
EQUITY:			
Share capital	8	8	8
Additional paid in capital	150,763	149,383	150,366
Capital reserves	9,510	9,241	9,999
Accumulated deficit	(43,191)	(18,595)	(28,697)
TOTAL EQUITY	117,090	140,037	131,676
TOTAL LIABILITIES AND EQUITY	236,254	225,874	216,006

Date of approval of the financial statements: August 16, 2022.

Yair Nechmad
CEO

David Ben Avi
Director

Sagit Manor
CFO

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

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENTS OF LOSS

		Six months ended June 30		Three months ended June 30		Year ended December 31
		2022	2021	2022	2021	2021
		(Unaudited)				(Audited)
		U.S. dollars in thousands				
	Note	(Excluding loss per share data)				
Revenues	4	75,343	53,775	41,211	31,001	119,134
Cost of revenues		<u>(48,144)</u>	<u>(29,953)</u>	<u>(27,105)</u>	<u>(17,680)</u>	<u>(70,970)</u>
Gross Profit		<u>27,199</u>	<u>23,822</u>	<u>14,106</u>	<u>13,321</u>	<u>48,164</u>
Research and development expenses		(10,692)	(8,022)	(5,098)	(4,722)	(19,040)
Selling, general and administrative expenses		(29,946)	(18,619)	(15,121)	(10,303)	(45,379)
Depreciation and amortization in respect of technology and capitalized development costs		(2,111)	(1,698)	(1,066)	(820)	(3,810)
Other expenses, net		(866)	(1,706)	(866)	(1,545)	(1,879)
Share of loss of equity method investee		<u>(1,071)</u>	<u>(57)</u>	<u>(570)</u>	<u>(57)</u>	<u>(538)</u>
Operating loss		<u>(17,487)</u>	<u>(6,280)</u>	<u>(8,615)</u>	<u>(4,126)</u>	<u>(22,482)</u>
Finance expenses, net		<u>(2,357)</u>	<u>(1,710)</u>	<u>(1,499)</u>	<u>(1,626)</u>	<u>(1,655)</u>
Loss before taxes on income		<u>(19,844)</u>	<u>(7,990)</u>	<u>(10,114)</u>	<u>(5,752)</u>	<u>(24,137)</u>
Income tax expense		<u>(285)</u>	<u>(52)</u>	<u>(235)</u>	<u>(108)</u>	<u>(632)</u>
Loss for the period		<u><u>(20,129)</u></u>	<u><u>(8,042)</u></u>	<u><u>(10,349)</u></u>	<u><u>(5,860)</u></u>	<u><u>(24,769)</u></u>
Attribution of loss for the period:						
To shareholders of the Company		(20,129)	(8,036)	(10,349)	(5,860)	(24,763)
To non-controlling interests		<u>-</u>	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>(6)</u>
Total		<u><u>(20,129)</u></u>	<u><u>(8,042)</u></u>	<u><u>(10,349)</u></u>	<u><u>(5,860)</u></u>	<u><u>(24,769)</u></u>
Loss per share attributed to shareholders of the Company:						
Basic and diluted loss per share		<u><u>(0.0614)</u></u>	<u><u>(0.0291)</u></u>	<u><u>(0.0315)</u></u>	<u><u>(0.0192)</u></u>	<u><u>(0.0820)</u></u>

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

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)				(Audited)
	U.S. dollars in thousands				
Loss for the period	(20,129)	(8,042)	(10,349)	(5,860)	(24,769)
Other comprehensive loss for the period:					
Items that will not be reclassified to profit or loss:					
Gain from remeasurement of liabilities (net) in respect of post-employment benefit obligations	-	-	-	-	431
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	(489)	(240)	(339)	144	87
Total comprehensive loss for the period	<u>(20,618)</u>	<u>(8,282)</u>	<u>(10,688)</u>	<u>(5,716)</u>	<u>(24,251)</u>
Attribution of total comprehensive loss for the period:					
To shareholders of the Company	(20,618)	(8,212)	(10,688)	(5,716)	(24,181)
To non-controlling interests	-	(70)	-	-	(70)
Total comprehensive loss for the period	<u>(20,618)</u>	<u>(8,282)</u>	<u>(10,688)</u>	<u>(5,716)</u>	<u>(24,251)</u>

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

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributed to shareholders of the Company						Total equity attributed to shareholders of the Company	Non-controlling interests	Total equity
	Share capital	Additional paid in capital	Remeasurement of post-employment benefit obligations	Other capital reserves	Foreign currency translation reserve	Accumulated deficit			
	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 six months ended June 31, 2022 (unaudited):									
Loss for the period	-	-	-	-	-	(20,129)	(20,129)	-	(20,129)
Other comprehensive loss for the period	-	-	-	-	(489)	-	(489)	-	(489)
Employee options exercised	*	397	-	-	-	-	397	-	397
Share-based payment	-	-	-	-	-	5,635	5,635	-	5,635
Balance at June 30, 2022 (unaudited)	<u>8</u>	<u>150,763</u>	<u>102</u>	<u>9,503</u>	<u>(95)</u>	<u>(43,191)</u>	<u>117,090</u>	<u>-</u>	<u>117,090</u>
Balance at January 1, 2021 (audited)	7	16,689	(329)	9,324	243	(13,433)	12,501	-	12,501
Changes in the six months ended June 31, 2021 (unaudited):									
Loss for the period	-	-	-	-	-	(8,036)	(8,036)	(6)	(8,042)
Other comprehensive loss for the period	-	-	-	-	(176)	-	(176)	(64)	(240)
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	*	135	-	-	-	-	135	-	135
Share-based payment	-	-	-	-	-	2,874	2,874	-	2,874
Balance at June 30, 2021 (unaudited)	<u>8</u>	<u>149,383</u>	<u>(329)</u>	<u>9,503</u>	<u>67</u>	<u>(18,595)</u>	<u>140,037</u>	<u>-</u>	<u>140,037</u>

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

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

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributed to shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Additional paid in capital	Remeasurement of post-employment benefit obligations	Other capital reserves	Foreign currency translation reserve	Accumulated deficit		
	U.S. dollars in thousands							
Balance at April 1, 2022	8	150,460	102	9,503	244	(35,217)	-	125,100
Changes in the three months ended June 30, 2022 (unaudited):								
Loss for the period	-	-	-	-	-	(10,349)	-	(10,349)
Other comprehensive loss for the period	-	-	-	-	(339)	-	-	(339)
Employee options exercised	*	303	-	-	-	-	-	303
Share-based compensation	-	-	-	-	-	2,375	-	2,375
Balance at June 30, 2022 (unaudited)	<u>8</u>	<u>150,763</u>	<u>102</u>	<u>9,503</u>	<u>(95)</u>	<u>(43,191)</u>	<u>-</u>	<u>117,090</u>
Balance at April 1, 2021	7	16,689	(329)	9,324	(77)	(15,152)	1,460	11,922
Changes in the Three months ended June 30, 2021 (unaudited):								
Loss for the period	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	(5,860)	-	(5,860)
Non-controlling interests from business combination	-	-	-	-	144	-	-	144
IPO	1	132,559	-	-	-	-	-	1,530
Transactions with non-controlling interests	-	-	-	205	-	-	(1,460)	132,560
Business combination under common control	-	-	-	(26)	-	-	-	(1,255)
Employee options exercised	*	135	-	-	-	-	-	(26)
Share-based payment	-	-	-	-	-	2,417	-	135
Balance at June 30, 2021 (unaudited)	<u>8</u>	<u>149,383</u>	<u>(329)</u>	<u>9,503</u>	<u>67</u>	<u>(18,595)</u>	<u>-</u>	<u>140,037</u>

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

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

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Equity attributed to shareholders of the Company						Total equity attributed to shareholders of the Company	Non-controlling interests	Total equity
	Share capital	Additional paid in capital	Remeasurement of post-employment benefit obligations	Other capital reserves	Foreign currency translation reserve	Accumulated deficit			
	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)	<u>8</u>	<u>150,366</u>	<u>102</u>	<u>9,503</u>	<u>394</u>	<u>(28,697)</u>	<u>131,676</u>	<u>-</u>	<u>131,676</u>

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

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

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)		(Unaudited)		(Audited)
	U.S. dollars in thousands				
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net loss for the period	(20,129)	(8,042)	(10,349)	(5,860)	(24,769)
Adjustments to reconcile net loss to net cash provided by operations (see Appendix A)	1,942	8,878	(4,892)	2,951	11,963
Net cash provided by (used in) operating activities	(18,187)	836	(15,241)	(2,909)	(12,806)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capitalized development costs	(6,131)	(3,038)	(3,269)	(1,307)	(6,059)
Acquisition of property and equipment	(599)	(582)	(410)	(59)	(2,637)
Investments in associates	-	(2,449)	-	(2,149)	(6,449)
Loans repaid by shareholders	-	61	-	179	61
Increase in bank deposits	(7,048)	(31)	(370)	(26)	(352)
Payments for acquisitions of subsidiaries, net of cash acquired (See note 5)	440	418	440	316	418
Payment of deferred consideration with respect to business combinations	-	(7,209)	-	(7,209)	(7,335)
Interest received	35	2	35	1	2
Investments in financial assets	(6,686)	(221)	(1,014)	(221)	(446)
Proceeds from sub-lessee	-	158	-	80	158
Net cash used in investing activities	(19,989)	(12,891)	(4,588)	(10,395)	(22,639)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Initial public offering (IPO)	-	132,560	-	132,560	132,560
Interest paid	(261)	(450)	(120)	(184)	(630)
Changes in short-term bank credit	-	(11,393)	-	(11,731)	(11,393)
Royalties paid in respect to government assistance plans	(36)	(199)	(36)	(144)	(199)
Transactions with non-controlling interests	(186)	(512)	-	(512)	(1,069)
Repayment of long-term bank loans	(1,711)	(1,266)	(248)	(852)	(1,971)
Repayment of long-term loans from others	(1,568)	(725)	(626)	(279)	(2,175)
Receipt of loans from shareholders	-	8,900	-	3,500	8,900
Repayment of loans from shareholders	-	(8,900)	-	(8,900)	(8,900)
Repayment of other long-term liabilities	(148)	(145)	(73)	(73)	(295)
Employee options exercised	501	135	410	135	718
Principal lease payments	(656)	(727)	(205)	(410)	(1,406)
Net cash provided by (used in) financing activities	(4,065)	117,278	(898)	113,110	114,140
Increase (decrease) in cash and cash equivalents	(42,241)	105,223	(20,727)	99,806	78,695
Balance of cash and cash equivalents at beginning of period	87,332	8,195	64,752	13,291	8,195
Gains (losses) from exchange differences on cash and cash equivalents	(3,897)	(105)	(2,618)	210	626
Gains (losses) from translation differences on cash and cash equivalents of foreign activity operations	568	(263)	355	(257)	(184)
Balance of cash and cash equivalents at end of period	41,762	113,050	41,762	113,050	87,332

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

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)				(Audited)
	U.S. dollars in thousands				
Appendix A – adjustments to reconcile net loss to net cash provided by operations:					
<u>Adjustments in respect of:</u>					
Depreciation and amortization	3,936	3,433	1,932	1,761	7,198
Post-employment benefit obligations, net	(42)	49	(19)	55	139
Deferred taxes	(107)	(84)	(53)	(10)	25
Finance expenses, net	2,988	734	2,034	604	269
Expenses in respect of long-term employee benefits	91	107	41	61	193
Share of loss of equity method investee	1,071	57	570	57	538
Long-term deferred income	(52)	-	(26)	-	(26)
Expenses in respect of share-based compensation	5,165	2,565	2,063	2,192	8,850
Total adjustments	13,050	6,861	6,542	4,720	17,186
<u>Changes in operating asset and liability items:</u>					
Decrease (increase) in restricted cash transferable to customers for processing activity	(9,021)	(4,884)	338	(7,635)	(5,529)
Increase in receivables from processing activity	(7,965)	(5,846)	(2,777)	(4,489)	(5,429)
Increase in trade receivables	(5,851)	(1,980)	(4,784)	(3,084)	(5,136)
Increase in other current assets	(7,063)	(206)	(7,326)	(838)	(1,352)
Increase in inventory	(10,208)	(83)	(7,960)	(519)	(2,631)
Increase in payables in respect of processing activity	15,645	17,213	609	14,770	13,832
Increase (decrease) in trade payables	12,106	(3,847)	11,160	(1,189)	(3,775)
Increase (decrease) in other payables	1,249	1,650	(694)	1,215	4,797
Total changes in operating asset and liability items	(11,108)	2,017	(11,434)	(1,769)	(5,223)
Total adjustments to reconcile net loss to net cash provided by (used in) operations	1,942	8,878	(4,892)	2,951	11,963
Appendix B – Information regarding investing and financing activities not involving cash flows:					
Purchase of property and equipment in credit	70	-	70	-	118
Acquisition of right-of-use assets through lease liabilities	380	1,543	-	1,469	1,428
Share based payments costs attributed to development activities, capitalized as intangible assets	470	726	312	640	649

The accompanying notes are an integral part of the unaudited condensed consolidated 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

- a.** The condensed consolidated interim consolidated financial statements of the Company as of June 30, 2022 and for the six-month and 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, and include the additional disclosure required by Securities Regulations (Annual Financial Statements), 2010.

The results of the Group and in the six- month and three-month periods ended June 30, 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 and judgments

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

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)				(Audited)
	U.S. dollars in thousands				
Revenue from the sale of integrated POS devices	27,394	23,054	15,777	13,754	47,987
Recurring revenue:					
SaaS revenue	21,172	15,932	10,825	8,423	34,641
Payment processing fee	26,777	14,789	14,609	8,824	36,506
	47,949	30,721	25,434	17,247	71,147
Total	75,343	53,775	41,211	31,001	119,134

NOTE 5 - EVENTS DURING THE REPORTING PERIOD

a. 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 and OTI shall negotiate and make reasonable commercial efforts to 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. Merger agreement with On Track Innovation Ltd. (continued):

On April 25, 2022 and on July 5, 2022 the Company extended OTI an additional loan amount of \$1 million and \$1.6 million, respectively. 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.

On March 17, 2022, the Company entered into a Merger agreement with OTI, under which, on the date of the completion of the Merger and depends upon OTI's general assembly's approval, 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.

On June 9, 2022, the transactions under the Merger Agreement were completed, such that OTI became a private wholly-owned subsidiary of the Company, and the shareholders of OTI will receive, from the Company, an aggregate cash consideration of \$4.5 million. The cash consideration was paid on July 18, 2022.

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

NAYAX LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

a. Merger agreement with On Track Innovation Ltd. (continued):

The following table presents the consideration for OTI's merger and the amounts recognized for assets acquired and liabilities assumed on merger date, at fair value:

	USD in thousands
Liability of cash to OTI's shareholders	4,500
Total consideration	4,500
Amounts recognized on merger date:	
Cash and cash equivalents	440
Trade receivables	983
Inventory	3,569
Other receivables	1,397
Right of use assets, net	1,722
Property and equipment, net	660
Technology	1,572
Customer relations	4,068
Backlog	978
Short-term bank loans	(2,000)
Trade payables	(1,392)
Other payables	(1,982)
Lease liability	(1,696)
Other liabilities	(70)
Long-term liability from the Company (*)	(6,757)
Total identifiable assets, net	1,492
Goodwill	3,008
Total Consideration	4,500
Cash flows in respect of the acquisition, as presented in cash flows from investing activities	
Cash and cash equivalents of subsidiary included in consolidated for the first time	440
Acquisition of subsidiary, less cash acquired, as presented in cash flows from investing activity	440

(*) The long-term liability from the Company was eliminated in the consolidated financial statements.

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

For additional information about the pro forma event, see note 8 below.

NAYAX LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

b. Term sheet with Bank Hapoalim B.M. and Feit Synergy Ltd. for establishing a joint venture

On June 9, 2022 the Company entered into a binding agreement 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 an entity 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 agreement, the Parties shall incorporate a new Israeli company (hereinafter - "IOT"), with an initial holding structure according to which 49.1% of the IOT's share capital shall be held by the Company, 30.9% by Feit, 20% by Bank Hapoalim. The agreement sets forth that the Company shall invest in IOT an amount of \$1.5 million, Feit shall invest in IOT an amount of \$0.5 million, and Bank Hapoalim shall invest in IOT a cash amount of \$1.5 million and additional loan of \$1.5 million.

Additionally, the agreement includes three options:

- First Call Option - a call option granted to the Company to buy from BHP and Feit such number of shares that following the exercise option the Company will hold 50.1% from IOT. The option can be exercised by the Company between three to twelve years after the signing agreement date.
- Second Call Option - a call option granted to the Company to buy from BHP and Feit such number of shares that following the exercise option the Company will hold 100% from IOT. The option can be exercised by the Company at any time during a period of ten years following the exercise of the First Call Option but in no event later than fifteen years from the signing agreement date.
- Put Option – a put options granted by the Company to BHP and Feit to sell the remaining shares of IOT. The Put Option shall be exercisable commencing at any time following the lapse of 3 years following the signing agreement date and ending upon the lapse of the Second Call Option period.

IOT has been established on July 5, 2022.

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 "Other long-term asset" in the statement of financial position as of June 30, 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.

NAYAX LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 7 - SHARE-BASED COMPENSATION

March 28, 2022 award

On March 28, 2022, the Company allotted 2,155,000 options and 450,000 restricted share units (RSUs) to employees of the Company and subsidiaries.

June 30, 2022 award

On June 30, 2022, the Company allotted 1,700,000 options and 60,000 restricted share units (RSUs) to employees of the Company and subsidiaries.

The vesting period of March and June 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	-	-	-	-	1.84
June 30, 2022 – Options	\$1.85	\$1.33-\$1.67	5	3.01%	54%	0.97-1.08
June 30, 2022 – RSUs	\$1.85	-	-	-	-	1.85

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.

August and November 2021 awards re-pricing

On March 28, 2022, the Company's board of directors approved re-pricing for August and November 2021 awards. According to a tax ruling received from the Israel Tax Authority (ITA) on May 31, 2022, the exercise price for 1,917,500 options was updated to \$2.039 and the incremental fair value is \$486 thousand.

NAYAX LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8 - PRO-FORMA EVENT

a. General

The Pro forma condensed consolidated statements have been prepared to give effect to OTI business combination (for additional details, see note 5a), as if the acquisition occurred on January 1, 2021. The Pro Forma Statements have been prepared under certain assumptions, which are set forth below. It is clarified that the pro forma statements do not reflect the actual results of the Company; rather, they have been prepared in order to provide additional information, based on different assumptions.

b. Pro forma condensed consolidated statements

	Six months ended June 30							
	2022				2021			
	(Unaudited)							
	U.S. dollars in thousands							
	(Excluding loss per share data)							
	Nayax	OTI	Adjustments	Pro forma	Nayax	OTI	Adjustments	Pro forma
Revenues	75,343	5,493	-	80,836	53,775	5,620	-	59,395
Cost of revenues	(48,144)	(3,925)	-	(52,069)	(29,953)	(3,240)	-	(33,193)
Gross Profit	27,199	1,568		28,767	23,822	2,380		26,202
Research and development expenses	(10,692)	(1,967)	-	(12,659)	(8,022)	(1,738)	-	(9,760)
Selling, general and administrative expenses	(29,946)	(3,183)	(857)	(33,986)	(18,619)	(2,822)	(857)	(22,298)
Depreciation and amortization in respect of technology and capitalized development costs	(2,111)		(157)	(2,268)	(1,698)		(157)	(1,855)
Other expenses, net	(866)	(225)	-	(1,091)	(1,706)	-	-	(1,706)
Share of loss of equity method investee	(1,071)	-	-	(1,071)	(57)	-	-	(57)
Loss from ordinary operations	(17,487)	(3,807)	(1,014)	(22,308)	(6,280)	(2,180)	(1,014)	(9,474)
Finance expenses, net	(2,357)	(13)	-	(2,370)	(1,710)	(2,101)	-	(3,811)
Loss from continuing operations before taxes on income	(19,844)	(3,820)	(1,014)	(24,678)	(7,990)	(4,281)	(1,014)	(13,285)
Tax benefit (expense)	(285)	-	-	(285)	(52)	13	-	(39)
Loss from continuing operations	(20,129)	(3,820)	(1,014)	(24,963)	(8,042)	(4,268)	(1,014)	(13,324)
Loss from discontinued operations	-	(10)	-	(10)	-	(1,615)	-	(1,615)
Loss for the period	(20,129)	(3,830)	(1,014)	(24,973)	(8,042)	(5,883)	(1,014)	(14,939)
Attribution of loss for the period:								
To shareholders of the Company	(20,129)	(3,830)	(1,014)	(24,973)	(8,036)	(5,883)	(1,014)	(14,933)
To non-controlling interests	-	-	-	-	(6)	-	-	(6)
Total	(20,129)	(3,830)	(1,014)	(24,973)	(8,042)	(5,883)	(1,014)	(14,939)

NAYAX LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8 - PRO-FORMA EVENT (continued):

b. Pro forma condensed consolidated statements (continued):

	Six months ended June 30							
	2022				2021			
	(Unaudited)							
	U.S. dollars in thousands							
	(Excluding loss per share data)							
	<u>Nayax</u>	<u>OTI</u>	<u>Adjustments</u>	<u>Pro forma</u>	<u>Nayax</u>	<u>OTI</u>	<u>Adjustments</u>	<u>Pro forma</u>
Loss for the period	(20,129)	(3,830)	(1,014)	(24,973)	(8,042)	(5,883)	(1,014)	(14,939)
Other comprehensive loss for the period:								
Items that may be reclassified to profit or loss:								
Loss from translation of financial statements of foreign continuing activities	(489)	-	-	(489)	(240)	(85)	-	(325)
Loss from translation of financial statements of foreign discontinued activities	-	-	-	-	-	(52)	-	(52)
Exchange differences on translation released following sale of a subsidiary	-	6	-	6	-	746	-	746
Total comprehensive loss for the period	(20,618)	(3,824)	(1,014)	(25,456)	(8,282)	(5,274)	(1,014)	(14,570)
Attribution of total comprehensive loss for the period:								
To shareholders of the Company	(20,618)	(3,824)	(1,014)	(25,456)	(8,212)	(5,274)	(1,014)	(14,500)
To non-controlling interests	-	-	-	-	(70)	-	-	(70)
Total comprehensive loss for the period	(20,618)	(3,824)	(1,014)	(25,456)	(8,282)	(5,274)	(1,014)	(14,570)

NAYAX LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8 - PRO-FORMA EVENT (continued):

b. Pro forma condensed consolidated statements (continued):

	Three months ended June 30							
	2022				2021			
	U.S. dollars in thousands							
	(Excluding loss per share data)							
	Pro				Pro			
	Nayax	OTI	Adjustments	forma	Nayax	OTI	Adjustments	Pro forma
Revenues	41,211	2,600	-	43,811	31,001	2,851	-	33,852
Cost of revenues	(27,105)	(2,382)	-	(29,487)	(17,680)	(1,874)	-	(19,554)
Gross Profit	14,106	218	-	14,324	13,321	977	-	14,298
Research and development expenses	(5,098)	(1,236)		(6,334)	(4,722)	(900)		(5,622)
Selling, general and administrative expenses	(15,121)	(1,750)	(429)	(17,300)	(10,303)	(1,471)	(429)	(12,203)
Depreciation and amortization in respect of technology and capitalized development costs	(1,066)	-	(79)	(1,145)	(820)		(79)	(899)
Other expenses, net	(866)	(225)	-	(1,091)	(1,545)	-	-	(1,545)
Share of loss of equity method investee	(570)	-	-	(570)	(57)	-	-	(57)
Loss from ordinary operations	(8,615)	(2,993)	(508)	(12,116)	(4,126)	(1,394)	(508)	(6,028)
Finance expenses, net	(1,499)	133	-	(1,366)	(1,626)	(131)	-	(1,757)
Loss from continuing operations before taxes on income	(10,114)	(2,860)	(508)	(13,482)	(5,752)	(1,525)	(508)	(7,785)
Tax expense	(235)	-	-	(235)	(108)	-	-	(108)
Loss from continuing operations	(10,349)	(2,860)	(508)	(13,717)	(5,860)	(1,525)	(508)	(7,893)
Loss from discontinued operations	-	(10)	-	(10)	-	(1,197)	-	(1,197)
Loss for the period	(10,349)	(2,870)	(508)	(13,727)	(5,860)	(2,722)	(508)	(9,090)

NAYAX LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8 - PRO-FORMA EVENT (continued):

b. Pro forma condensed consolidated statements (continued):

	Three months ended June 30							
	2022				2021			
	U.S. dollars in thousands							
	(Excluding loss per share data)							
	<u>Nayax</u>	<u>OTI</u>	<u>Adjustments</u>	<u>Pro forma</u>	<u>Nayax</u>	<u>OTI</u>	<u>Adjustments</u>	<u>Pro forma</u>
Loss for the period	(10,349)	(2,870)	(508)	(13,727)	(5,860)	(2,722)	(508)	(9,090)
Other comprehensive income loss for the period:								
Items that may be reclassified to profit or loss:								
Gain (loss) from translation of financial statements of foreign continuing activities	(339)	(1)	-	(340)	144	-	-	144
Loss from translation of financial statements of foreign discontinued activities	-	-	-	-	-	-	-	-
Exchange differences on translation released following sale of a subsidiary	-	6	-	6	-	746	-	746
Total comprehensive loss for the period	(10,688)	(2,865)	(508)	(14,061)	(5,716)	(1,976)	(508)	(8,200)

NAYAX LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8 - PRO-FORMA EVENT (continued):

b. Pro forma condensed consolidated statements (continued):

	Year ended December 31, 2021			
	U.S. dollars in thousands			
	(Excluding loss per share data)			
	<u>Nayax</u>	<u>OTI</u>	<u>Adjustments</u>	<u>Pro forma</u>
Revenues	119,134	14,875	-	134,009
Cost of revenues	(70,970)	(10,848)	-	(81,818)
Gross Profit	48,164	4,027	-	52,191
Research and development expenses	(19,040)	(3,718)	-	(22,758)
Selling, general and administrative expenses	(45,379)	(6,276)	(1,714)	(53,369)
Depreciation and amortization in respect of technology and capitalized development costs	(3,810)	-	(314)	(4,124)
Other expenses, net	(1,879)	-	-	(1,879)
Share of loss of equity method investee	(538)	-	-	(538)
Loss from ordinary operations	(22,482)	(5,967)	(2,028)	(30,477)
Finance expenses, net	(1,655)	(4,135)	-	(5,790)
Loss from continuing operations before taxes on income	(24,137)	(10,102)	(2,028)	(36,267)
Tax benefit (expense)	(632)	13	-	(619)
Loss from continuing operations	(24,769)	(10,089)	(2,028)	(36,886)
Loss from discontinued operations	-	(1,570)	-	(1,570)
Loss for the period	<u>(24,769)</u>	<u>(11,659)</u>	<u>(2,028)</u>	<u>(38,456)</u>
Attribution of loss for the period:				
To shareholders of the Company	(24,763)	(11,659)	(2,028)	(38,450)
To non-controlling interests	(6)	-	-	(6)
Total	<u>(24,769)</u>	<u>(11,659)</u>	<u>(2,028)</u>	<u>(38,456)</u>

NAYAX LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8 - PRO-FORMA EVENT (continued):

b. Pro forma condensed consolidated statements (continued):

	Year ended December 31, 2021			
	U.S. dollars in thousands			
	(Excluding loss per share data)			
	<u>Nayax</u>	<u>OTI</u>	<u>Adjustments</u>	<u>Pro forma</u>
Loss for the period	(24,769)	(11,659)	(2,028)	(38,456)
Other comprehensive loss for the period:				
Items that will not be reclassified to profit or loss:				
Gain from remeasurement of liabilities (net) in respect of post-employment benefit obligations	431	-	-	431
Items that may be reclassified to profit or loss:				
Gain (loss) from translation of financial statements of foreign continuing activities	87	(81)	-	6
Loss from translation of financial statements of foreign discontinued activities	-	(52)	-	(52)
Exchange differences on translation released following sale of a subsidiary	-	746	-	746
Total comprehensive loss for the period	<u>(24,251)</u>	<u>(11,046)</u>	<u>(2,028)</u>	<u>(37,325)</u>
Attribution of total comprehensive loss for the period:				
To shareholders of the Company	(24,181)	(11,046)	(2,028)	(37,255)
To non-controlling interests	(70)	-	-	(70)
Total comprehensive loss for the period	<u>(24,251)</u>	<u>(11,046)</u>	<u>(2,028)</u>	<u>(37,325)</u>

c. Principal assumptions used in preparing the pro forma Statements

The Pro Forma Statements have been prepared under the following assumptions:

1. The merger occurred on January 1, 2021 for the pro forma condensed consolidated statements.
2. The adjustments have been made to reflect the purchase price allocation as the merger occurred on January 1, 2021.

NOTE 9 - SUBSEQUENT EVENTS

Credit facility

Further to note 13a to the 2021 consolidated financial statements, on August 9, 2022, the short-term credit facility from an Israeli bank was renewed in an amount of ILS 35 million. This credit facility has the same terms as mentioned in note 13a to the 2021 consolidated financial statements.