

## **Nayax Reports Second Quarter 2022 Financial Results**

**Revenue Grew 33% Year-Over-Year to \$41.2 Million**

**Recurring Revenue Grew 47% Year-Over-Year**

**Reaffirming Mid-Term Revenue Growth Target of 35%**

**HERZLIYA, Israel, August 17, 2022 -- Nayax Ltd. (TASE: NYAX)**, a global commerce enablement and payments platform designed to enable retailers to provide consumers with digital, cashless, connected commerce experiences, and enhance consumer loyalty and conversion, today announced its financial results for the second quarter ended June 30, 2022.

“We again delivered strong financial and operating performance for the second quarter, led by the continued pace of double-digit revenue growth and high customer adoption and satisfaction for our comprehensive, market-leading payment solutions. We delivered another quarter with excellent revenue performance driven by higher recurring revenues. Recurring revenues, comprised of SaaS subscription revenue and processing fees, grew 47% over the prior year quarter and accounted for more than 60% of our total revenue. During the second quarter, we continued to demonstrate the high level of customer satisfaction for our comprehensive solutions by maintaining an industry-leading net retention rate greater than 130%. Also, in Q2, we saw broad-based customer momentum across all geographies, with new customer growth of 58% over the prior year quarter and increasing scale from significantly growing both the number of transactions processed and the transaction value.

Looking ahead, based on our strong second quarter and first half results, our higher recurring revenue and continued business momentum, we remain confident about executing against our growth trajectory and our mid-term and long-term growth aspirations. Our continued momentum is a result of the value proposition we bring to our customers, the accelerating acceptance for cashless payments globally and the consistent execution of our strategies by the dedicated Nayax team” said Yair Nechmad, Chief Executive Officer and Chairman of the Board. “

### **Nayax reports in U.S dollars and according to IFRS**

#### **Second Quarter Financial Highlights**

- Total revenue was \$41.2 million, an increase of 33% over Q2 2021. During Q2, foreign currency exchange rate fluctuations had little impact on revenues.
- Recurring revenue from monthly SaaS and payment processing fees grew 47% compared to Q2 2021.
- Recurring revenue represented 61% of total revenue in Q2 2022 compared to 55% of total revenue in Q2 2021.

- Added 42,000 managed and connected devices during the quarter, for a total of 595,000 devices, driven by growing customer demand and execution of our market expansion strategy. This represents an increase of 38% compared to Q2 2021.
- The number of processed transactions grew 70% over Q2 2021 to 316 million.
- Transaction value increased 70% from prior year quarter to \$585 million.
- Q2 gross margin decreased to 34% in comparison to prior year quarter, tracking in-line with the direction communicated previously. Gross margin was impacted mainly due to the mix of higher hardware revenue which has lower gross margin. We continue to expect hardware gross margins to be temporarily impacted by the ongoing disruption caused by the global component shortage.
- Gross profit reached \$14 million, an increase of 6% over Q2 2021.
- Operating expenses, including research and development, share-based compensation expenses, as well as depreciation and amortization amounted to \$21.2 million, an increase of 34% over Q2 2021. This reflects an increase of our investment in talent acquisition, customer base expansion and product innovation. Other investments included higher go-to-market expenses and enhanced infrastructure to support our global growth as we gain scale and become a much larger company. During Q2, operating expenses had a favorable impact from foreign currency exchange rate fluctuations of \$1 million compared to Q1 2022.
- Operating loss was \$8.6 million, compared to an operating loss of \$4.1 million in Q2 2021.
- Adjusted EBITDA was a negative \$3.2 million compared to positive \$1.4 million in Q2 2021 largely due to higher cost of goods sold, as a result of global component shortage, and an increase in operating expenses from strategic investments mentioned above that support our growth strategy. On a like for like basis, excluding Q2 2022 bonus expenses for non-sales employees that was introduced in Q3 2021 for the first time, and excluding the impact of product costs, Q2 2022 Adjusted EBITDA on a like for like basis, would have been a positive \$1.3 million.
- Net loss for Q2 2022 was \$10.3 million, or (\$0.0315) per diluted share, compared to a net loss of \$5.9 million, or (\$0.0192) per diluted share for Q2 2021.

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

<b>IFRS Results (\$M)</b>			
<b>Revenue Breakdown</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>Change (%)</b>
Recurring - SaaS & Payment Processing	25.4	17.2	47.4%
POS Devices	15.8	13.8	14.7%
Total Revenue	<b>41.2</b>	<b>31.0</b>	<b>32.9%</b>

The Company provides payment processing and business operations software solutions and services through its global cashless payment platform. In Q2 2022, the Company recorded strong growth in its recurring revenue from SaaS and payment processing, reflecting 61% of total revenue. This increase in recurring revenue represents growth in both the number of transactions processed through our devices as well as an increase in transaction value. This is contributed by our growing install base of managed and connected devices as well as the continued rapid adoption of cashless payments by consumers.

## **Second Quarter Business Highlights**

- Expanded our diverse customer base, adding 4,000 new customers across our global footprint, bringing our total customer base to 38,000, as of June 30, 2022, growing 58% over Q2 2021.
- Dollar-based net retention rate stayed elevated at 132%, reflecting the high satisfaction and loyalty our customers place on our comprehensive solutions to increase their revenue and improve their operations.
- Continued to execute on our market expansion strategy by entering the New Zealand unattended retail market with our contactless card reader and cashless payment solutions.
- Extended our customer relationship with Five Star Food Service, a leading U.S. unattended operator and the largest of the Canteen franchise. Five Star will deploy Nayax's comprehensive payments solutions initially across their fleet of 20,000 vending machines and will also use Nayax's VendSys, a leading vending management system.
- Successfully closed the acquisition of On Track Innovations (OTI) in June 2022.

Key Performance Indicators	Q2 2022	Q2 2021	Change (%)
Total Transaction Value (\$m)	585	344	70%
Number of Transactions (millions)	316	186	70%
Take Rate % (Payments) (*)	2.50%	2.57%	-3%
Managed and Connected devices	595,000	432,000	38%

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

## Outlook

Looking ahead, we remain excited about our strong long-term growth drivers and the large market opportunities, we see ahead. In the near term, we expect to continue to see disruption in supply chain which will delay immediate improvements in hardware gross margin of our POS devices due to the global shortage in components.

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

## Mid-Term Outlook

We are reaffirming our mid-term revenue projection of \$220 million, driven by organic growth and strategic M&A. We are also reaffirming the growth rate target of 35% in the medium term, with customer growth, increased market penetration and continued expansion of our platform serving as the main growth drivers.

## Long-Term Outlook

Gross margin in the long-term is expected to reach 50% by providing leasing options for IoT POS and by growing the SaaS and payment processing revenue segments. Our long-term Adjusted EBITDA margin guidance is set around 30%.

## Conference Call

Nayax will host a conference call and webcast to discuss second quarter 2022 results on August 17, 2022, at 8:30 a.m. Eastern Time, 3:30 p.m. Israel Time and 5:30 a.m. Pacific Time. Participating on the call will be Yair Nechmad, Chief Executive Officer and Sagit Manor, Chief Financial Officer.

We encourage participants to pre-register for the conference call using the link below. Callers who pre-register will be given a unique PIN to gain immediate access to the call, bypassing the live operator. Participants may pre-register any time, including up to and after the call start time. You will immediately receive an online confirmation, an email with the dial in number and a calendar invitation for the event.

To pre-register, go to:

<https://services.choruscall.ca/DiamondPassRegistration/register?confirmationNumber=10019699&linkSecurityString=182969eb8f>

For those who are unable to pre-register, kindly join the conference call by using one of the dial-in numbers or clicking the webcast link below.

<b>U.S.</b>	<b>TOLL-FREE</b>	1-855-327-6837
<b>ISRAEL</b>	<b>TOLL-FREE:</b>	1-809-458-327
<b>INTERNATIONAL</b>	<b>TOLL-FREE:</b>	1-631-891-4304

## WEBCASTLINK:

[https://viavid.webcasts.com/starthere.jsp?ei=1559099&tp\\_key=12dda7810e](https://viavid.webcasts.com/starthere.jsp?ei=1559099&tp_key=12dda7810e)

Participants may also register and join the conference call by visiting the Events section of the investor relations website, found here: [Events](#)

A replay of the conference call will be available from August 17, 2022, following the call, until August 31, 2022. To access the replay, please dial one of the following numbers:

<b>Replay</b>	<b>TOLL-FREE:</b>	1-844-512-2921
<b>Replay</b>	<b>TOLL/INTERNATIONAL:</b>	1-412-317-6671
<b>Replay Pin Number:</b> 10166383		

An archive of the conference call will be available on Nayax's Investor Relations website [Nayax Investors - Nayax](#).

An English version of the complete earnings materials can be found on our investor relations website: <https://ir.nayax.com/>

## Forward-Looking Statements

*The information included in this press release contains, or may be deemed to contain, forward-looking statements (as defined in the U.S. Private Securities Litigation Reform Act of 1995 and the Israeli Securities Law, 1968). Said forward-looking statements, are*

subject to uncertainties and assumptions and the actual results may materially differ. All forward-looking statements in this press release are based on information available to Nayax on the date hereof. All written or oral forward-looking statements attributable to Nayax are expressly qualified in their entirety by the factors referred to above. Nayax does not intend to update these forward-looking statements.

### **Use and Definitions of Non-IFRS Financial Measures**

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

**Adjusted EBITDA** is defined as net income (loss) before other income (expense), interest income (expense), foreign exchange gain (loss), income taxes, and depreciation and amortization, adjusted to exclude the effects of share-based compensation expense and certain nonrecurring expenses that management believes are not indicative of ongoing operations, consisting primarily of Equity method investee expenses and other indirect charges associated with our initial public offering. We believe Adjusted

*EBITDA provides our investors with useful information to help them evaluate our operating results by facilitating an enhanced understanding of our operating performance and enabling them to make more meaningful period-to-period comparisons.*

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

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

## **About Nayax**

Nayax is a global commerce enablement and payments platform designed to help merchants scale their business. Nayax offers a complete solution including localized cashless payment acceptance, management suite, and consumer engagement tools, enabling merchants to conduct commerce anywhere, at any time. With foundations and global leadership in serving unattended retail, Nayax has transformed into a comprehensive solution focused on our customers' growth across multiple channels. Today, Nayax has 9 global offices, over 700 employees, connections to more than 80 merchant acquirers and payment method integrations and is a recognized payment facilitator worldwide. Nayax's mission is to improve our customers' revenue potential and operational efficiency. For more information, please visit [www.nayax.com](http://www.nayax.com)

## **Investor Relations Contact:**

**ICR, Inc.**

[ir@nayax.com](mailto:ir@nayax.com)

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

	<b>June 30</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	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
<b>Total current assets</b>	<b>161,955</b>	<b>174,825</b>	<b>156,048</b>
<b>NON-CURRENT ASSETS:</b>			
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	-
<b>Total non-current assets</b>	<b>74,299</b>	<b>51,049</b>	<b>59,958</b>
<b>TOTAL ASSETS</b>	<b>236,254</b>	<b>225,874</b>	<b>216,006</b>

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



**NAYAX LTD**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	<b>June 30</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	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
<b>Total current liabilities</b>	<b>106,810</b>	<b>70,741</b>	<b>70,188</b>
<b>NON-CURRENT LIABILITIES:</b>			
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
<b>Total non-current liabilities</b>	<b>12,354</b>	<b>15,096</b>	<b>14,142</b>
<b>TOTAL LIABILITIES</b>	<b>119,164</b>	<b>85,837</b>	<b>84,330</b>
<b>EQUITY:</b>			
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)
<b>TOTAL EQUITY</b>	<b>117,090</b>	<b>140,037</b>	<b>131,676</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>236,254</b>	<b>225,874</b>	<b>216,006</b>

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

**NAYAX LTD**  
CONDENSED CONSOLIDATED STATEMENTS OF LOSS

		<b>Six months ended</b>		<b>Three months ended</b>		<b>Year ended</b>
		<b>June 30</b>		<b>June 30</b>		<b>December 31</b>
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
		<b>(Unaudited)</b>				<b>(Audited)</b>
		<b>U.S. dollars in thousands</b>				
	<b>Note</b>	<b>(Excluding loss per share data)</b>				
Revenues	4	75,343	53,775	41,211	31,001	119,134
Cost of revenues		(48,144)	(29,953)	(27,105)	(17,680)	(70,970)
<b>Gross Profit</b>		<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		(1,071)	(57)	(570)	(57)	(538)
<b>Operating loss</b>		<u>(17,487)</u>	<u>(6,280)</u>	<u>(8,615)</u>	<u>(4,126)</u>	<u>(22,482)</u>
Finance expenses, net		(2,357)	(1,710)	(1,499)	(1,626)	(1,655)
<b>Loss before taxes on income</b>		<u>(19,844)</u>	<u>(7,990)</u>	<u>(10,114)</u>	<u>(5,752)</u>	<u>(24,137)</u>
Income tax expense		(285)	(52)	(235)	(108)	(632)
<b>Loss for the period</b>		<u>(20,129)</u>	<u>(8,042)</u>	<u>(10,349)</u>	<u>(5,860)</u>	<u>(24,769)</u>
<b>Attribution of loss for the period:</b>						
To shareholders of the Company		(20,129)	(8,036)	(10,349)	(5,860)	(24,763)
To non-controlling interests		-	(6)	-	-	(6)
<b>Total</b>		<u>(20,129)</u>	<u>(8,042)</u>	<u>(10,349)</u>	<u>(5,860)</u>	<u>(24,769)</u>
<b>Loss per share attributed to shareholders of the Company:</b>						
Basic and diluted loss per share		<u>(0.0614)</u>	<u>(0.0291)</u>	<u>(0.0315)</u>	<u>(0.0192)</u>	<u>(0.0820)</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 income (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	(20,618)	(8,282)	(10,688)	(5,716)	(24,251)
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	(20,618)	(8,282)	(10,688)	(5,716)	(24,251)

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								
	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 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)	8	150,763	102	9,503	(95)	(43,191)	117,090	-	117,090
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)	8	149,383	(329)	9,503	67	(18,595)	140,037	-	140,037

(\*) 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								
	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 April 1, 2022	8	150,460	102	9,503	244	(35,217)	125,100	-	125,100
Changes in the three months ended June 30, 2022 (unaudited):									
Loss for the period	-	-	-	-	-	(10,349)	(10,349)	-	(10,349)
Other comprehensive loss for the period	-	-	-	-	(339)	-	(339)	-	(339)
Employee options exercised	*	303	-	-	-	-	303	-	303
Share-based compensation	-	-	-	-	-	2,375	2,375	-	2,375
Balance at June 30, 2022 (unaudited)	8	150,763	102	9,503	(95)	(43,191)	117,090	-	117,090
Balance at April 1, 2021	7	16,689	(329)	9,324	(77)	(15,152)	10,462	1,460	11,922
Changes in the Three months ended June 30, 2021 (unaudited):	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(5,860)	(5,860)	-	(5,860)
Other comprehensive income for the period	-	-	-	-	144	-	144	-	144
Non-controlling interests from business combination	-	-	-	-	-	-	-	-	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	-	-	-	-	-	2,417	2,417	-	2,417
Balance at June 30, 2021 (unaudited)	8	149,383	(329)	9,503	67	(18,595)	140,037	-	140,037

(\*) 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						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							
<b>Balance at January 1, 2021 (audited)</b>	7	16,689	(329)	9,324	243	(13,433)	12,501	-
<b>Changes in 2021(audited):</b>								-
Loss for the year	-	-	-	-	-	(24,763)	(24,763)	(6)
Other comprehensive income (loss) for the year	-	-	431	-	151	-	582	(64)
Non-controlling interests from business combination	-	-	-	-	-	-	-	1,530
IPO	1	132,559	-	-	-	-	132,560	-
Transactions with non-controlling interests	-	-	-	205	-	-	205	(1,460)
Business combination under common control	-	-	-	(26)	-	-	(26)	-
Employee options exercised	*	1,118	-	-	-	-	1,118	-
Share-based compensation	-	-	-	-	-	9,499	9,499	-
<b>Balance at December 31, 2021 (audited)</b>	<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>

(\*) 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				
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
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
<b>Net cash provided by (used in) operating activities</b>	<b>(18,187)</b>	<b>836</b>	<b>(15,241)</b>	<b>(2,909)</b>	<b>(12,806)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
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
<b>Net cash used in investing activities</b>	<b>(19,989)</b>	<b>(12,891)</b>	<b>(4,588)</b>	<b>(10,395)</b>	<b>(22,639)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
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)

	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				
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.

	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				
<b>Appendix A – adjustments to reconcile net loss to net cash provided by operations:</b>					
<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	<u>13,050</u>	<u>6,861</u>	<u>6,542</u>	<u>4,720</u>	<u>17,186</u>

Changes in operating asset and liability items:

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	<u>(11,108)</u>	<u>2,017</u>	<u>(11,434)</u>	<u>(1,769)</u>	<u>(5,223)</u>
Total adjustments to reconcile net loss to net cash provided by (used in) operations	<u>1,942</u>	<u>8,878</u>	<u>(4,892)</u>	<u>2,951</u>	<u>11,963</u>

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

Purchase of property and equipment in credit	<u>70</u>	<u>-</u>	<u>70</u>	<u>-</u>	<u>118</u>
Acquisition of right-of-use assets through lease liabilities	<u>380</u>	<u>1,543</u>	<u>-</u>	<u>1,469</u>	<u>1,428</u>
Share based payments costs attributed to development activities, capitalized as intangible assets	<u>470</u>	<u>726</u>	<u>312</u>	<u>640</u>	<u>649</u>

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

## IFRS to Non-IFRS

	Quarter ended as of (U.S. dollars in thousands)	
	Q2 2022	Q2 2021
<b>Loss for the year</b>	<b>(10,349)</b>	<b>(5,860)</b>
Finance expense, net	1,499	1,626
Tax (Benefit) expense	235	108
Depreciation and amortization	1,929	1,759
<b>EBITDA</b>	<b>(6,686)</b>	<b>(2,366)</b>
Share-based compensation	2,059	2,190
IPO related expenses	866	1,545
Equity method investee	570	57
<b>Adjusted EBITDA</b>	<b>(3,191)</b>	<b>1,425</b>

(\*) Excluding (i) product costs increase due to global components shortage and (ii) bonus plan for non-sales employees that was introduced in Q3 2021, Q2 2022 Adjusted EBITDA improved to a positive \$1.3M.