
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

- ☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR**
- ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2024
- OR**
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR**
- ☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-41491

NAYAX LTD.

(Exact name of Registrant as specified in its charter)

State of Israel

(Jurisdiction of incorporation or organization)

3 Arik Einstein Street, Bldg. B, 1st Floor
Herzliya 4659071, Israel
(Address of principal executive offices)

Yair Nechmad
Chairman and Chief Executive Officer
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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each Class	Trading Symbol	Name of each exchange on which registered
Ordinary shares, par value NIS 0.001 per share	NYAX	The Nasdaq Stock Market LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. **As of December 31, 2024, the registrant had outstanding 36,607,407 ordinary shares, par value NIS 0.001 per share.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files):

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐ Accelerated Filer ☒ Non-accelerated Filer ☐
Emerging Growth Company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards † provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

☐ U.S. GAAP
☒ International Financial Reporting Standards as issued by the International Accounting Standards Board
☐ Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

TABLE OF CONTENTS

<u>Presentation of Financial and Other Information</u>	<u>Page</u>
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	- v -
<u>PART I</u>	1
<u>ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u>	3
<u>ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE</u>	3
<u>ITEM 3. KEY INFORMATION</u>	3
A. [Reserved]	3
B. Capitalization and Indebtedness	3
C. Reasons for the Offer and Use of Proceeds	3
D. Risk Factors	3
<u>ITEM 4. INFORMATION ON THE COMPANY</u>	37
A. History and Development of the Company	37
B. Business Overview	37
C. Organizational Structure	55
D. Property, Plants and Equipment	56
<u>ITEM 4A. UNRESOLVED STAFF COMMENTS</u>	56
<u>ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u>	56
A. Operating Results	56
B. Liquidity and Capital Resources	68
C. Research and Development, Patents and Licenses, etc.	70
D. Trend Information	70
E. Critical Accounting Estimates	70

<u>ITEM 6.</u>	<u>DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u>	70
A.	Directors and Senior Management	70
B.	Compensation	73
C.	Board Practices	76
D.	Employees	87
E.	Share Ownership	87
F.	Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation	87
<u>ITEM 7.</u>	<u>MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u>	87
A.	Major Shareholders	87
B.	Related Party Transactions	89
C.	Interests of Experts and Counsel	91
<u>ITEM 8.</u>	<u>FINANCIAL INFORMATION</u>	91
A.	Consolidated Statements and Other Financial Information	91
B.	Significant Changes	92
<u>ITEM 9.</u>	<u>THE OFFER AND LISTING</u>	92
A.	Offering and Listing Details	92
B.	Plan of Distribution	92
C.	Markets	92
D.	Selling Shareholders	92
E.	Dilution	92
F.	Expenses of the Issue	92

<u>ITEM 10.</u>	<u>ADDITIONAL INFORMATION</u>	92
A.	Share Capital	92
B.	Memorandum and Articles of Association	92
C.	Material Contracts	92
D.	Exchange Controls	92
E.	Taxation	93
F.	Dividends and Paying Agents	102
G.	Statement by Experts	102
H.	Documents on Display	102
I.	Subsidiary Information	102
J.	Annual Report to Security Holders	102
<u>ITEM 11.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	102
<u>ITEM 12.</u>	<u>DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	103
A.	Debt Securities	103
B.	Warrants and Rights	103
C.	Other Securities	103
D.	American Depositary Shares	103
<u>PART II</u>		103
<u>ITEM 13.</u>	<u>DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	104
<u>ITEM 14.</u>	<u>MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	104
<u>ITEM 15.</u>	<u>CONTROLS AND PROCEDURES</u>	104
A.	Disclosure Controls and Procedures	104
B.	Management's Annual Report on Internal Control Over Financial Reporting	104
C.	Attestation Report of the Registered Public Accounting Firm	104
D.	Changes in Internal Control Over Financial Reporting	104

<u>ITEM 16.</u>	<u>[RESERVED]</u>	104
<u>ITEM 16A.</u>	<u>AUDIT COMMITTEE FINANCIAL EXPERT</u>	104
<u>ITEM 16B.</u>	<u>CODE OF ETHICS</u>	104
<u>ITEM 16C.</u>	<u>PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	105
<u>ITEM 16D.</u>	<u>EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES</u>	105
<u>ITEM 16E.</u>	<u>PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS</u>	105
<u>ITEM 16F.</u>	<u>CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT</u>	105
<u>ITEM 16G.</u>	<u>CORPORATE GOVERNANCE</u>	106
<u>ITEM 16H.</u>	<u>MINE SAFETY DISCLOSURE</u>	106
<u>ITEM 16I.</u>	<u>DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS</u>	106
<u>ITEM 16J.</u>	<u>INSIDER TRADING POLICIES</u>	106
<u>ITEM 16K.</u>	<u>CYBERSECURITY</u>	106
<u>PART III</u>		108
<u>ITEM 17.</u>	<u>FINANCIAL STATEMENTS</u>	108
<u>ITEM 18.</u>	<u>FINANCIAL STATEMENTS</u>	108
<u>ITEM 19.</u>	<u>EXHIBITS</u>	108
<u>Signatures</u>		110
<u>Index to Financial Statements</u>		F - 1

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated or the context otherwise requires, all references in this annual report to “Nayax” or the “Company,” “we,” “our,” “ours,” “us” or similar terms refer to Nayax Ltd., together with its consolidated subsidiaries. The term “NIS” refer to the lawful currency of the State of Israel, the terms “dollar,” “U.S. dollar,” “US\$” and “\$” refer to the lawful currency of the United States, the terms “euro,” “EUR” and “€” and refer to the lawful currency of the European Union, the terms “Australian dollar” and “AUD” refer to the lawful currency of Australia and the term “British pound” refers to the lawful currency of the United Kingdom. Unless derived from our financial statements or otherwise indicated, U.S. dollar translations of NIS amounts presented in this annual report are translated using the rate of NIS 3.647 to US\$1.00, the exchange rate reported by the Bank of Israel on December 31, 2024.

Financial Statements

We maintain our books and records in U.S. dollars and prepare our consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial information contained in this annual report includes our audited consolidated statements of financial position as of December 31, 2024 and 2023 and related audited consolidated statements of profit or loss, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2024, which have been audited by Kesselman and Kesselman, a member of PricewaterhouseCoopers International Limited.

Our fiscal year ends December 31. References in this annual report to a fiscal year, such as “fiscal year 2024,” relates to our fiscal year ended on December 31 of that calendar year.

The financial information should be read in conjunction with “Item 5. Operating and Financial Review and Prospects” and our consolidated financial statements, including the related notes thereto, included elsewhere in this annual report.

On September 1, 2022, our shareholders approved a 10-to-1 reverse share split (the “2022 Reverse Share Split”), which became effective on September 11, 2022. Other than where we otherwise indicate, all information in this annual report, including our consolidated financial statements, reflects the 2022 Reverse Share Split.

Industry and Market Data

This annual report includes statistical data, market data and other industry data and forecasts, which we obtained from market research, publicly available information and independent industry publications and reports that we believe to be reliable sources, although we have not verified the accuracy and completeness of such data.

Forecasts and other forward-looking information derived from such sources and included in this annual report are subject to the same qualifications and additional uncertainties regarding the other forward-looking statements in this annual report. See “Cautionary Statement Regarding Forward-Looking Statements.”

Trademarks, Service Marks and Trade Names

Throughout this annual report, we refer to various trademarks, service marks and trade names that we use in our business. The “Nayax” logo is the property of Nayax Ltd. Nayax® is our registered trademark in the United States. We have several other trademarks and service marks. Solely for convenience, some of the trademarks, service marks and trade names referred to in this annual report are listed without the “®” or “™” trademark designations. All rights to such trademarks are nevertheless reserved, and other trademarks and service marks appearing in this annual report are the property of their respective holders.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains statements that constitute forward-looking statements. Many of the forward-looking statements contained in this annual report can be identified by the use of forward-looking words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “plan,” “potential” and “should,” among others.

Forward-looking statements appear in a number of places in this annual report and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to of various factors, including, but not limited to, those identified under the section titled “Item 3. Key Information—D. Risk Factors” in this annual report. These risks and uncertainties include factors relating to:

- our expectations regarding general market conditions and global economic trends;
- impact of the conflict in Israel on our operations and financial results;
- fluctuations in inflation, interest rates and exchange rates in the global economic environment over the world;
- our ability to implement our growth strategy;
- the success of operating initiatives, including advertising and promotional efforts and new product and concept development by us and our competitors;
- our ability to compete and conduct our business in the future;
- changes in consumer tastes and preferences;
- the availability of qualified personnel and the ability to retain such personnel;
- changes in commodity costs, labor, distribution and other operating costs;
- changes in government regulation and tax matters;
- other factors that may affect our financial condition, liquidity and results of operations; and
- other risk factors discussed under “Item 3. Key Information—D. Risk Factors.”

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. The forward- looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only estimates based upon our current expectations and projections about future events. There are important factors that could cause our actual results, levels of activity, performance or achievements to differ materially from the results, levels of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the risks provided under “Item 3. Key Information—D. Risk Factors” in this annual report.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this annual report, to conform these statements to actual results or to changes in our expectations.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Our business, financial condition and results of operations could be materially and adversely affected if any of the risks described below occur. As a result, the market price of our ordinary shares could decline, and you could lose all or part of your investment. This annual report also contains forward-looking statements that involve risks and uncertainties. See "Cautionary Statement Regarding Forward-Looking Statements." Our actual results could differ materially and adversely from those anticipated in these forward-looking statements due to certain factors, including the risks facing our Company.

Risk Factors Summary

Investing in our ordinary shares and our ability to successfully operate our business and execute our growth plan each are subject to numerous and substantial risks. You should carefully consider the risks described in the risk factors below before deciding to invest in our ordinary shares. If any of these risks actually occurs, our business, financial condition or results of operations could be materially and adversely affected. In such case, the trading price of our ordinary shares would likely decline, and you may lose all or part of your investment. The following is a summary of some of the principal risks we face:

- unfavorable conditions in our industry or the global economy or reductions in spending on point of sale, or POS, technology could limit our ability to grow our business and negatively affect our results of operations;
- we operate in a competitive business environment and a failure to compete effectively may adversely affect our financial condition, results of operations and cash flows in the future;
- we procure some of our key components from a single or limited number of suppliers. Therefore, we are exposed to risks of shortages, price fluctuations, tariffs and delays in delivery of such components;
- we have a limited operating history at our current scale, and our prospects and future revenues are subject to a number of uncertainties, which limits our ability to predict them accurately;
- we have a history of annual net losses and there are therefore risks related to our ability to maintain profitability;
- if we are unable to attract customers, maintain or grow our retention rates and expand usage with existing customers, our revenue growth and any future profitability could be harmed;
- we may be unable to successfully develop and expand our platform, which could limit our ability to grow and maintain our competitive position and adversely affect our financial condition, results of operations and cash flow;

- we rely on processing service providers, credit card networks, banks and other entities in the payment transfer system to process payments, and if they fail or no longer agree to provide their services or we fail to comply with our obligations under those relationships, our customer relationships could be adversely affected, and we could lose business;
- any failure to offer high-quality customer support may adversely affect our relationships with our customers and could adversely affect our business, financial condition and results of operations;
- the termination of our existing relationships with commercial communications services providers could force us to adapt our products to a new vendor;
- Israel is currently at war, and the duration, scope and effects of the war are unknown;
- any past or future acquisitions, strategic investments, entries into new businesses, joint ventures, divestitures and other transactions could fail to achieve strategic objectives, disrupt our ongoing operations or result in operating difficulties, liabilities and expenses, harm our business and negatively impact our results of operations;
- failure to maintain and enhance our brand recognition in a cost-effective manner could harm our business, financial condition and results of operations;
- information security failures or interruptions of our or our third-party partners' or service providers' information technology systems could adversely affect our business, financial condition and results of operations;
- operational failures, including within data transfer, could harm our reputation, ability to retain customers and recruit new customers, as well as our business results;
- our business is subject to complex and evolving regulations and oversight related to privacy and data protection;
- we are subject to substantial governmental and commercial regulations across our areas of activity. Any failure to comply with applicable regulations or standards may lead to significant regulatory consequences and could have an adverse effect on our business, financial condition or results of operations;
- our business could suffer if we are unable to obtain, maintain, protect, defend or enforce our intellectual property or other proprietary rights, or if others claim that we have infringed upon, misappropriated or otherwise violated their intellectual property rights;
- we rely on our key personnel and have not developed a succession plan for our senior management; if our key personnel leave us, our results and product development could be harmed; and
- we are controlled by our founding shareholders, who may make decisions with which other shareholders may disagree.

Risks Related to our Business and Industry

Unfavorable conditions in our industry or the global economy or reductions in spending on point of sale, or POS, technology could limit our ability to grow our business and negatively affect our results of operations.

Current or future economic uncertainties or downturns could adversely affect our business, financial condition and results of operations. We are dependent on the growth of cashless transactions, and a reduction in customer or consumer demand for cashless payments would negatively affect our business. The market in which we operate is sensitive, to an extent, to changes in household income and the level of global economic activity. Any global economic slowdown or recession that leads to a decline in private consumption, and therefore a reduction in the demand for products sold by our customers using our integrated POS devices, payment processing services or software as a service, or SaaS, solutions, could negatively affect our revenues from existing customers. Such conditions could also make it difficult for us to obtain new customers or expand activities with existing customers.

For example, COVID-19 initially caused sharp declines in stock markets around the world in March 2020 and a global economic slowdown that extended into 2021 and beyond. The general slowdown in the world economy led to a drop in consumption, which for a time had a negative impact on our activities and results. Although consumer spending has recovered from pandemic levels, future economic downturns could again lead to declines in consumption that negatively impact us.

We operate in a competitive business environment and a failure to compete effectively may adversely affect our financial condition, results of operations and cash flows in the future.

The competition we face varies across the different product markets in which we operate and geographic regions we serve. Activity in the market for payment processing and operations is characterized by limited competition on the global level. However, major players are active in both the markets that our solutions address and the regions we serve. We face significant competition in the certain areas in which we are active, such as the global market for POS devices. The existence of competitors in certain markets in which we operate, together with ever-increasing demands to provide technological solutions that make payment and business operation accessible across attended and automated self-service environments, require us to respond quickly and constantly update our services in order to maintain our ability to offer our customers complete, comprehensive solutions for business management.

Competitors may introduce new offerings embodying new technologies, or new industry standards and practices could emerge, that render obsolete our existing technology, including our integrated POS devices and SaaS offerings. Some of our competitors may offer more attractive prices, features or other services that we do not offer, and some customers may choose to provide these services themselves. Larger customers may seek lower prices from us when they renew or extend a contract or the customer's business has significant volume changes. In addition, larger customers may reduce their use of our platform if they decide to move services in-house. Further, our small business customers may seek reduced fees due to pricing competition, their own financial condition or pressures from consumers. These factors result in lower revenue from a customer than we had anticipated based on our previous agreement with that customer. If we are not successful in achieving high renewal rates and favorable contract terms, our results of operations and financial condition may be materially and adversely affected. Accordingly, our future success will depend in part on our ability to respond to new product offerings by competitors, technological advances and emerging industry standards and practices in a cost-effective and timely manner in order to retain existing customers, renew customer contracts on favorable terms and attract new customers.

Furthermore, as the number of our customers with higher volume sales increases, so does the need for us to offer increased functionality, scalability and support, which requires us to devote additional resources to such efforts.

For further details regarding how we address competition in our fields of activity, see "Item 4. Information on the Company—B. Business Overview—Competition."

We procure some of our key components from a single or limited number of suppliers. Therefore, we are exposed to risks of shortages, price fluctuations, tariffs and delays in delivery of such components.

We are exposed to risks of supply shortages, price increase, tariff increases, and delivery delays for key components used to manufacture our integrated POS devices, which can adversely impact our business, financial condition and results of operations. In addition, certain suppliers may have an increasing sentiment not to transact business with Israeli companies as a result of the war in Israel or due to a shift in international relations and politics. We rely on certain components, some of which are provided by a single or limited number of suppliers, to produce our products, including monitors, semiconductor chips and other electronics products. We also face competition for our key components from other companies in the computers, telecom and electronics sectors.

For example, a spike in demand for various electronic products during the COVID-19 pandemic, together with the slowdown in manufacturing, created a global shortage of certain components required for producing many electronic products, including certain of our products, which adversely affected our gross profit rates from the sale of POS devices starting in the third quarter of 2021 and continuing in 2022. Although the delivery delays and shortages have since abated, any similar shortages in the future in the components of our products could have an adverse impact on our business, financial condition or results of operations.

We have a limited operating history at our current scale, and our prospects and future revenues are subject to a number of uncertainties, which limits our ability to predict them accurately.

We started our company in 2005 and have experienced rapid growth in recent years. Our shares have a limited history trading on the Tel Aviv Stock Exchange (“TASE”), where they have been listed since May 2021, and on the Nasdaq Global Select Market (“Nasdaq”), where they have been listed since September 2022. Our historical results may not be indicative of, or comparable to, our future results and we may be unable to sustain or increase our rate of growth in the future. We have encountered and expect to continue to encounter risks and uncertainties frequently experienced by growing companies in rapidly evolving industries, including those associated with forecasting demand for our products and platforms, our costs of revenue, such as those associated with device sales including hardware component costs, shipping and handling costs, manufacturing labor costs and other related costs, and other risks and uncertainties described herein. Such uncertainties may limit our ability to accurately predict our operating results. If we do not address these risks successfully, our results of operations could differ materially from our expectations, or our guidance, and as a result our business, results of operations and financial condition could suffer, and the price of our ordinary shares could decline.

We have a history of annual net losses and therefore there are risks related to our ability to maintain profitability.

Although we reported a net quarterly profit for the first time in the third quarter and continued to report net income in the fourth quarter of 2024, we have incurred significant losses in each year since our inception, including losses of \$5.6 million, \$15.9 million and \$37.5 million in the years ended December 31, 2024, 2023 and 2022, respectively. Because the market for our platform and the features is rapidly evolving, it is difficult for us to predict our future results of operations or the limits of our market opportunity. We have experienced significant revenue growth in recent periods, but we are not certain whether we will obtain a high enough volume of revenue to sustain or increase our growth or maintain quarterly profitability in the future.

We also expect that our operating expenses will increase moderately over the next several years as we hire additional personnel, expand our customer base, operations and infrastructure, continue to enhance our brand, develop and expand our platform’s features, integrations, capabilities and enhancements, expand and improve our integrated POS devices and SaaS solutions and increase our spending on sales and marketing. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. Revenue may not grow as anticipated for a number of possible reasons, including slowing demand for our products or increasing competition.

If we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service and customer satisfaction or adequately address competitive challenges.

As illustrated by the increase in our number of customers from approximately 14,000 in 2019 to approximately 95,000 as of December 31, 2024, we have experienced significant growth in recent periods, which puts a strain on our business, operations and employees. We anticipate that our operations will continue to rapidly expand. Any failure by us to manage growth effectively could adversely affect our business.

We must also attract, train and retain a significant number of qualified sales and marketing personnel, customer support personnel, professional services personnel, software engineers, technical personnel and management personnel, without undermining our corporate culture of rapid innovation, teamwork and attention to customer success that has been central to our growth.

If we are unable to attract customers, maintain or grow our retention rates and expand usage with existing customers, our revenue growth and any future profitability could be harmed.

To increase our revenue and achieve and maintain profitability, we must increase our customer base through various methods, including but not limited to, selling and deploying more connected POS devices in both the attended and automated self-service markets, growing or maintaining our retention rates, and expanding usage of our end-to-end solutions by existing customers. While we have experienced significant growth in the number of our managed and connected devices, we may not continue achieving similar growth rates in the future.

Sales efforts targeted at larger enterprises typically involve greater costs, longer sales cycles, greater competition and less predictability in completing some of our sales. As a result of these factors, such sales opportunities may require us to devote greater sales, research and development, professional services and customer support resources to these customers, resulting in increased costs and lengthened sales cycles. If our efforts to sell to large enterprises are not successful or do not generate additional revenue, our business could suffer.

Moreover, our business is based on (i) fixed monthly subscription fees charged for accessing our SaaS solutions, (ii) payment processing fees charged as a percent of transaction value at the point of sale and (iii) one-time revenue from sales of our integrated POS devices. Customers who purchase and use our integrated POS devices are not always obligated to use our payment processing or SaaS solutions, and those who do may discontinue or reduce their use of these solutions. Businesses may or may not use our platform as a result of a number of factors, including their satisfaction or dissatisfaction with our integrated POS devices, SaaS solutions, application programming interfaces, or APIs, our fees or pricing structure, the pricing or capabilities of the products and services offered by our competitors, the effects of economic conditions, decreases in the number of transactions by consumers or reductions in our customers’ spending levels.

It is also difficult to predict attrition rates given our varied customer base of large enterprise and small and medium enterprises, or SME, customers. Our attrition rates may increase or fluctuate as a result of a number of factors, including customer dissatisfaction with our services, consumer spending levels, mix of customer base, decreases in the consumer base of our customers, competition, pricing increases or changing or deteriorating general economic conditions. If we fail to expand our customer base or increase our customers' use of our platform's solutions, our revenue may decline or grow slower than anticipated, which could harm our business, results of operations and financial condition.

We may be unable to successfully develop and expand our platform, which could limit our ability to grow and maintain our competitive position and adversely affect our financial condition, results of operations and cash flow.

Our growth depends, in part, on continued revenue from our existing products, as well as the successful development and introduction of new solutions or technologies, which face uncertainty with respect to customer acceptance and reaction from competitors. Any delay in the development or launch of a new product could result in our competitors being the first to market, which could compromise our competitive position. Further, the development and introduction of new products may require us to make investments in specialized personnel and capital equipment, increase marketing efforts and reallocate resources away from other uses.

The attractiveness of our payment processing services also depends on our ability to integrate emerging payment technologies, alternative payment methods and credit card systems that our processing partners or we may not adequately support or for which they or we do not provide competitive processing rates. In the event such emerging payment methods become popular among consumers, any failure to timely integrate such payment methods into our software, anticipate consumer behavior changes, or contract with processing partners that support such emerging payment technologies could reduce the attractiveness of our payment processing services and of our platform, and adversely affect our operating results.

We also may need to modify our systems and strategy in light of new products that we develop. If we are unable to develop and introduce new products in a cost-effective manner or otherwise effectively manage our operations relating to new products, our financial condition, results of operations and cash flows could be adversely affected.

Any failure to offer high-quality customer support may adversely affect our relationships with our customers and could adversely affect our business, financial condition and results of operations.

In deploying and using our products, our customers depend on our support team to resolve complex technical and operational issues. We also rely in part on third parties to provide some customer support services, including manpower, software development and training, and our ability to provide effective customer support is partially dependent on our ability to engage qualified and capable third-party service providers. As we continue to grow our business and improve our platform, we will face challenges related to providing high-quality customer support services at scale. We may be unable to respond quickly enough to accommodate short-term increases in demand for customer support or to modify the nature, scope and delivery of our customer support to compete with changes in customer support services provided by our competitors. Increased demand for customer support could increase costs and, without a corresponding increase in revenue, adversely affect our operating results. Our revenue streams are highly dependent on our business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality customer support, could adversely affect our reputation and brand, our ability to benefit from referrals by existing customers, our ability to sell our platform to existing and prospective customers and our business, financial condition and results of operations.

We rely on a limited number of manufacturers for the development of a majority of our finished POS devices.

We rely on a limited number of manufacturers to complete the assembly of the majority of our finished POS devices. Any disruption in one or more of these relationships may cause us to fail to meet the demands of our customers, damage our customer relationships and adversely affect our results of operations. We obtain all of the finished products from these contract manufacturers on a purchase order basis, and none of them have an obligation to provide us with any specified minimum quantities of finished products. In the event our relationship with one or more such contract manufacturer is disrupted or one or more is unable to deliver sufficient quantities of finished products, we may be unable to locate, qualify and engage with an alternate contract manufacturer or manufacturers in a timely, cost-efficient manner. Further, any failure or deterioration of quality control at such contract manufacturer could result in defects in our projects or products, which in turn may subject us to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause us to incur costs, harm our business reputation and result in disruption to our operations.

We are also subject to other risks inherent in the manufacturing of our products and their supply chain, including industrial accidents, natural disasters (including as a result of climate change), environmental events, strikes and other labor disputes, capacity constraints and disruptions in material supplies. We are also subject to risks associated with global shortages, disruptions in supply chain or information technology, loss or impairment of key manufacturing sites or suppliers, product quality control and safety issues, increase in commodity prices and energy costs, licensing requirements and other regulatory issues and other external factors over which we have no control. If such an event were to occur, it could have an adverse effect on our business, financial condition and results of operations.

We rely on processing service providers, credit card networks, banks and other entities in the payment transfer system to process payments, and if they fail or no longer agree to provide their services or we fail to comply with our obligations under those relationships, our customer relationships could be adversely affected, and we could lose business.

Our payment processing services are dependent on a payment transfer system that operates through a chain of different entities, including but not limited to clearing entities, banks and credit card companies. We rely on payment processors, regulated financial institutions and other partners and third-party vendors to enable us to provide services to our customers. Due to our agreements with our partners and service providers, we are contractually required to comply with certain legal and regulatory requirements, credit card network rules and other obligations which otherwise would not necessarily be applicable to us. If we fail to meet our obligations under our agreements with payment processors or other service providers, one of the entities fails to fulfill its obligations to us or engages in prohibited activity, or if we or our service providers decide to terminate our agreement, we would need to find one or more new vendors to provide materially similar services. If we are unable to find vendors under terms consistent with, or better than, those currently in place, or if we are unable to sign new agreements or maintain our current relationships under terms consistent with those currently in place, our revenue and business may be harmed. This may directly result in a violation of our obligations to our customers or otherwise adversely affect our activities, reputation and results.

The termination of our existing relationships with commercial communications services providers could force us to adapt our products to a new vendor.

Our activities are grounded in our data transfer capability. The operation of communications enabling our activity is dependent on the reliability and capacity of services supplied to us by communications vendors. Termination of business relationships with vendors from the communications field, such as vendors of infrastructure and internet servers, could force us to invest additional resources in order to adapt our products to a new vendor and could have a negative impact on our business, financial condition or results of operations.

Any past or future acquisitions, strategic investments, entries into new businesses, joint ventures, divestitures and other transactions could fail to achieve strategic objectives, disrupt our ongoing operations or result in operating difficulties, liabilities and expenses, harm our business and negatively impact our results of operations.

In pursuing our business strategy, we routinely conduct discussions and evaluate opportunities for possible acquisitions, strategic investments, entries into new businesses, joint ventures, divestitures and other transactions. Consistent with our acquisition strategy, we have in the past acquired or invested in, and we currently are active in M&A pipeline activity and execution to acquire or invest in, businesses, technologies or other assets that we believe could complement or expand our business.

For example, in January 2022, we announced the acquisition of On Track Innovation Ltd. (“OTI”), a provider of smart payment solutions for automated self-service machines, for an aggregate consideration of approximately \$10 million. In October 2023, we announced the acquisition of Retail Pro International (“Retail Pro”), a U.S. based retail software company, for a purchase price that represents an implied enterprise value of \$36.5 million. And in April 2024, we completed the acquisition of both Roseman Engineering Ltd. and Roseman Holdings Ltd. (together, “Roseman Engineering”), which manage smart systems in the fields of refuelling, charging stations and management systems for forecourts and vehicle fleets, and of VMtecnologia LTDA (“VMT”), a leading technology provider for the automated self-service industry in Brazil, marking a significant step in our expansion into the Latin American market.

The identification, evaluation and negotiation of potential transactions have in the past, and may continue in the future, to divert the attention of management and require various expenses, whether or not such transactions are ultimately completed. There can be no assurance that we will be successful in identifying, negotiating and consummating favorable transaction opportunities. In addition to transaction and opportunity costs, such transactions involve significant challenges and risks, whether or not such transactions are completed, any of which could harm our business and negatively impact our results of operations, including risks that:

- the transaction may not advance our business strategy;

- we may not be able to secure required regulatory approvals or otherwise satisfy closing conditions for a proposed transaction in a timely manner, or at all;
- the transaction may subject us to additional regulatory burdens, such as antitrust and competition filings, that affect our business in potentially unanticipated and significantly negative ways;
- we may not realize a satisfactory return or increase our revenue;
- we may experience difficulty, and may not be successful in, integrating technologies, IT or business enterprise systems, culture or management or other personnel of the acquired business;
- we may incur significant acquisition costs and transition costs, including in connection with the assumption of ongoing expenses of the acquired business;
- we may not realize the expected benefits or synergies from the transaction in the expected time period, or at all – for example, we expect opportunities to deliver additional revenue and costs synergies, as well as accretion to net income, with the acquisition of Retail Pro and VMT, which may or may not be realized in a timely manner or at all;
- we may be unable to retain key personnel;
- acquired businesses or businesses that we invest in may not have adequate controls, processes and procedures to ensure compliance with laws and regulations, including with respect to data privacy and security, and our due diligence process may not identify compliance issues or other liabilities – moreover, acquired businesses’ technology may add complexity, resource constraints and failures that make it difficult and time consuming to achieve such adequate controls, processes and procedures;
- we may fail to identify or assess the magnitude of certain liabilities, shortcomings or other circumstances prior to acquiring or investing in a business, which could result in additional financial, legal or regulatory exposure, which may subject us to additional controls, policies, procedures, liabilities, litigation, costs of compliance or remediation or to other adverse effects on our business, operating results or financial condition;
- we may have difficulty entering into new product areas, market verticals or geographic territories;
- we may be unable to retain the customers, vendors and partners of acquired businesses;
- there may be lawsuits or regulatory actions resulting from the transaction. For example, during 2023, the Israeli Competition Authority (the “ICA”) requested from us certain documents and other information related mainly to our acquisition of OTI. We cooperated fully and transparently with the ICA throughout its investigative process, and, on February 3, 2025, we entered into a consent decree (the “Consent Decree”) with the ICA to settle allegations of anticompetitive practices and failing to obtain necessary ICA consent in connection with the acquisition. Pursuant to the Consent Decree, we and Yair Nechmad, our CEO and Chairman, agreed to pay a sum of NIS 2,500,000 (approximately \$701,000) and NIS 240,000 (approximately \$67,300), respectively, to the Israeli State Treasury, and we agreed to provide up to 6,500 OTI POS kits, comprised of the Telebox hardware units paired with Uno 8/Uno Plus card readers, over a period of five years, to third parties who may sell, distribute, and market the OTI POS kits under their own brands in the Israeli market. The Consent Decree is subject to public commentary and will become effective upon approval by the Israeli Competition Court;
- there may be risks associated with undetected security weaknesses, cyber-attacks or security breaches at companies that we acquire or with which we may combine or partner;
- there may be local and foreign regulations applicable to the international activities of our business and the businesses we acquire; and
- acquisitions could result in dilutive issuances of equity securities or the incurrence of debt – for example, the acquisition of Retail Pro was financed through bank financing, which increased our debt burden, consideration for the acquisition of VMT included an earn-out in the amount of up to approximately \$5.3 million payable primarily in our ordinary shares and consideration for the acquisition of Roseman Engineering included 19,722 of our ordinary shares.

We may also choose to divest certain businesses or product lines. If we decide to sell assets or a business, we may have difficulty obtaining terms acceptable to us in a timely manner, or at all. Additionally, we may experience difficulty separating out portions of, or entire, businesses, incur potential loss of revenue or experience negative impact on margins, or we may not achieve the desired strategic and financial benefits. Such potential transactions may also delay achievement of our strategic objectives, cause us to incur additional expenses, potentially disrupt customer or employee relationships and expose us to unanticipated or ongoing obligations and liabilities, including as a result of our indemnification obligations. Further, during the pendency of a divestiture, we may be subject to risks related to a decline in the business, loss of employees, customers or suppliers and the risk that the transaction may not close, any of which could have a material adverse effect on the business to be divested and us. If a divestiture is not completed for any reason, we may not be able to find another buyer on the same terms, and we may have incurred significant costs without the corresponding benefit.

Joint ventures and minority investments inherently involve a lesser degree of control over business operations, thereby potentially increasing the financial, legal, operational, regulatory and/or compliance risks associated with the joint venture or minority investment. In addition, we may be dependent on joint venture partners, controlling shareholders, management or other persons or entities who control them and who may have business interests, strategies or goals that are inconsistent with ours. Business decisions or other actions or omissions of the joint venture partners, controlling shareholders, management or other persons or entities who control them may adversely affect the value of our investment, result in litigation or regulatory action against us and may otherwise damage our reputation and brand.

We rely on our key personnel and have not developed a succession plan for our senior management; if our key personnel leave us, our results and product development could be harmed.

Our future success and our ability to manage future growth depend, in large part, upon the efforts, experience and expertise of our senior management team. Our senior management team is comprised of highly regarded figures within our industry who have extensive experience with, and an exceptional understanding of, our business, customers and products. It could be difficult or impossible for us to find appropriate replacements for our senior management, as competition for personnel is intense. For example, Mr. Yair Nechmad, CEO, co-founder and a controlling shareholder in the Company, and Mr. David Ben-Avi, CTO, co-founder and a controlling shareholder, are key figures in the Company. Although we are not dependent on these key figures, we could be harmed if they were to leave the Company.

As of the date of this annual report, we have not developed a succession plan for our senior management. If we fail to timely develop and successfully execute a succession plan capable of maintaining continuity in our senior management and business, or if we lose senior management members and we fail to attract and retain qualified successors, our business, financial condition, results of operations and cash flows could be harmed.

Our ability to recruit, retain and develop qualified personnel is critical to our success and growth.

Our businesses function at the intersection of rapidly changing technological, economic and regulatory environments that require a wide range of expertise and intellectual capital. For us to successfully compete and grow, we must recruit, retain and develop personnel who can provide the necessary expertise across a broad spectrum of disciplines. In addition, we must develop, maintain and, as necessary, implement appropriate succession plans to ensure we have the necessary human resources capable of maintaining continuity in our business.

The market for qualified personnel is competitive, and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors. Our effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. The trading price of our ordinary shares is likely to remain volatile, could be subject to fluctuations in response to various factors and may not appreciate. If the perceived value of our equity awards declines for these or other reasons, it may adversely affect our ability to attract and retain highly qualified employees.

We are also substantially dependent on our direct sales force and marketing team to obtain new customers and increase sales to existing customers. There is significant competition for sales and marketing personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining a sufficient number of direct sales and marketing personnel to support our growth. If we are unable to hire, train and retain a sufficient number of qualified and successful sales personnel, our business, financial condition and results of operations could be harmed.

Failure to maintain and enhance our brand recognition in a cost-effective manner could harm our business, financial condition and results of operations.

We believe that maintaining and enhancing our brand identity and reputation is critical to our relationships with existing, and ability to attract new, customers, partners and employees. Accordingly, we have invested, and expect to continue to invest, a great amount of resources in branding and other marketing initiatives, which may not be successful or cost effective. If we do not successfully maintain and enhance our brand and reputation in a cost-effective manner, our business may not grow, we may have reduced pricing power relative to competitors with stronger brands or reputations, and we could lose customers or partners, all of which would harm our business, financial condition and results of operations.

In addition, any negative publicity about our company or our management, including about the quality, stability and reliability of our products or services, changes to our products and services, our data privacy and cybersecurity practices, litigation, regulatory enforcement and other actions involving us, as well as the perception of us and our products by our customers and their consumers, even if inaccurate, could cause a loss of confidence in us and adversely affect our brand.

Exchange rate fluctuations could adversely affect our results of operations.

A material portion of our expenses are incurred in Israel and denominated in NIS. However, we are active in more than 120 different countries, including emerging markets, and therefore receive payments and derive revenue in a large number of currencies, primarily from euro, U.S. dollar, Australian dollar and British pound. We are also exposed to risks of currency volatility in certain emerging markets, and such volatility might be more pronounced. Our financial statements are presented in U.S. dollar, our functional and reporting currency, and therefore we are exposed to fluctuations in the different exchange rates in relation to the U.S. dollar, which could have an impact on our results of operations. Our results may be reduced by fluctuations in foreign currency exchange rates that could materially adversely affect our business, results of operation and financial condition.

Political and geopolitical conditions or tensions, including trade disputes, the imposition of tariffs and direct or indirect acts of war or terrorism, could have an adverse effect on our business, results of operations and financial results.

Since we operate on a global basis, our operations could be disrupted by political or geopolitical conditions, trade disputes, international boycotts and sanctions, political and social instability, acts of war, terrorist activity or other similar events.

In recent years, diplomatic and trade relationships between the U.S. government and China have become increasingly frayed and the threat of a takeover of Taiwan by China has increased. Tensions between the U.S. and China have led to a series of tariffs being imposed by the U.S. on imports from mainland China, as well as other business restrictions. Following his re-election, President Donald Trump has imposed and may continue to impose additional tariffs on U.S. imports from a variety of countries, including China, Mexico and Canada. Tariffs could increase the cost of our products and the components that go into making them. These increased costs could adversely impact the gross margin that we earn on our products. Tariffs could also make our products more expensive for customers, which could make our products less competitive and reduce consumer demand. Changing our operations in accordance with new or changed trade restrictions can be expensive, time-consuming and disruptive to our operations.

At the same time, the ongoing war between Russia and Ukraine and in the Middle East between Israel and a variety of terrorist organizations and the Islamic Republic of Iran each threaten to expand into wider regional conflicts, which could have severe negative impact on the global economy. For more details regarding conflicts in the Middle East, see “ - Risks Related to our Operations and Incorporation in Israel - Israel is currently at war, and the duration, scope and effects of the war are unknown.”

The tensions between the U.S. and China, the Russia-Ukraine war and conflicts in the Middle East remain uncertain, and while it is difficult to predict the impact of any of the foregoing, any escalation or additional uncertainty in these situations could increase our costs, disrupt our supply chain, reduce our sales and earnings, impair our ability to raise additional capital when needed on acceptable terms, if at all, or otherwise adversely affect our business, financial condition and results of operations.

We are subject to risks related to corporate social responsibility and the investor and regulatory focus on environmental, social and governance, or ESG, activity.

Many factors affect our reputation and the value of our brand, including the perception held by our customers, business partners, investors, other key stakeholders and the communities in which we operate, such as our social responsibility, corporate governance and other company practices. As with other companies, we have faced, and will likely continue to face, scrutiny related to our environmental, social and governance (“ESG”) activities, and our reputation, operations, access to and cost of capital, and the value of our brand can be adversely affected if we fail to act responsibly in a number of areas, such as diversity and inclusion, workplace conduct, sustainable environmental practices, human rights, philanthropy and support for local communities.

Certain market participants, including major institutional investors and capital providers, use third-party benchmarks and scores to assess companies’ ESG profiles in making investment or voting decisions at shareholder meetings. Unfavorable ESG ratings could lead to increased negative investor sentiment towards us, which could negatively impact our share price as well as our access to and cost of capital. Any harm to our reputation could impact employee engagement and retention and the willingness of customers and partners to do business with us, which could have an adverse effect on our business, results of operations and cash flows. We believe that our reputation is critical to our role as a global leader in commerce enablement and cashless payments and as a publicly traded company. While our management and directors are focused on the integrity of our business and behavior of our board of directors, senior management, employees, other personnel and third-party suppliers and partners, we cannot assure that these efforts will be successful in producing the desired responsible outcomes in all cases nor that they will be sufficient in meeting investor demands in this area.

In addition, government authorities in various countries have adopted or proposed ESG regulation, and we expect there will likely be increasing levels of regulation globally, disclosure-related and otherwise, with respect to ESG matters. For example, the SEC has adopted rules, currently stayed pending judicial review, that would require companies to provide expanded climate-related disclosures, which may require us to incur significant additional costs to comply, including the implementation of significant additional internal controls processes and procedures regarding matters that have not been subject to such controls in the past, and impose increased oversight obligations on our management and board of directors. In addition, the European Commission has established a number of sustainability-related due diligence, reporting and compliance regimes, which we are subject to, including the Corporate Sustainability Reporting Directive. This directive will require disclosure of detailed information on our social and environmental risks, impacts and sustainability performance when it comes into effect for us over the next few years. We may in the future also be subject to climate-related disclosure laws adopted by the State of California, which are currently subject to legal challenge. Such laws require companies with revenues in excess of certain thresholds that are doing business in California to publicly disclose greenhouse gas emissions data and provide climate-related financial risk reports.

Our current and future ESG efforts may be costly and may not have the desired effect. We currently engage multiple firms specializing in ESG matters to support our ESG efforts. Expectations around companies’ management of ESG matters continue to evolve rapidly, in many instances due to factors that are out of our control. Any actions we currently take may subsequently be determined to be insufficient by various stakeholders, and we may be subject to investor or regulatory engagement on our ESG initiatives. In addition, stakeholder expectations are not uniform, and opponents of various ESG-related matters have increasingly resulted in a range of activism and legal and regulatory developments. For example, there is an increasing number of state-level anti-ESG initiatives in the U.S. that may conflict with other regulatory requirements or our various stakeholders’ expectations. Moreover, President Trump has issued an executive order directing federal agencies to take appropriate action to discourage private sector diversity, equity and inclusion initiatives.

These and other changes in stakeholder expectations and regulations globally, whether pro- or anti-ESG, many of which are not possible to predict, and navigating conflicting requirements, will likely lead to increased costs as well as scrutiny that could heighten all of the risks identified in this risk factor and litigation risks.

Emerging markets are subject to greater risks than more mature markets, including significant political, economic and legal risks.

We operate in several emerging markets, such as certain African countries, Brazil and Mexico, and plan to expand into additional emerging markets in the future. Certain markets in which we operate or plan to operate have lower levels of economic, political or legal stability, and tend to be more politically and economically volatile than the more established economies we serve in other countries, which could add volatility to our future revenue and earnings.

Risks associated with operating in such markets include unexpected changes in regulatory environments, uncertainty in enforcing contracts and intellectual property rights, challenges in obtaining legal redress, difficulties in collecting accounts receivables, foreign exchange controls, as well as bribery and corruption risks, which can all lead to reputational damage and impair our ability to win and retain contracts. Should one or more of these risks materialize, there could be a material adverse effect on our business, results of operations and financial condition.

Our hardware-as-a-service offerings require substantial expenditures on our part and entail additional risks to our business, financial condition and results of operations.

We have begun to offer a hardware-as-a-service subscription pricing model for our POS devices in certain countries and plan to expand such pricing model to our offerings in other countries in the future. Hardware-as-a-service offerings require significant additional up-front capital expenditure on our part compared to the sale of our POS devices. As we expand such offerings, we may not have sufficient capital available on our balance sheet and may be required to finance such capital expenditures. Hardware-as-a-service based revenue also exposes us to credit risk, as subscribers to this service may default on their payment obligations to us. Expenses related to our hardware-as-a-service offerings are recovered by us over a longer period in comparison to the sale of our POS devices, and we also bear the risk of malfunctioning hardware.

If our implementation of hardware-as-a-service subscription pricing model is not successful, our results of operation and revenue could be adversely affected. In addition, customers who subscribe to our hardware-as-a-service offerings may terminate such subscriptions for any reason by providing us with 30 days' advance notice, subject, in some instances, to early termination fees. Accordingly, if demand for and satisfaction with hardware-as-a-service is not maintained, the overall stickiness of our offerings as compared to the sale of our POS devices could be negatively impacted.

Risks Related to Data Security, Privacy, Information Technology and Intellectual Property

Information security failures or interruptions of our or our third-party partners' or service providers' information technology systems could adversely affect our business, financial condition and results of operations.

As a company that processes payments, information security failures and leaking of financial data of our customers or their consumers, as well as passage of information between different territories in violation of privacy protection laws, could harm our results and reputation. Sensitive credit provider information, personal information, personally identifiable information and other financial data are transferred through our products and services, either through execution of transactions, or through remote management services or other services we offer, including those that are consumer-facing.

The processing of the information we acquire in connection with our customers' use of our services is subject to numerous privacy, data protection, cybersecurity and other laws, rules, regulations and standards in a number of jurisdictions. Furthermore, we operate under strict information security standards and regulations and use advanced security technologies in our efforts to comply with such laws, rules, regulations and standards, prevent data loss and protect the confidential, proprietary and sensitive information to which we have access. In order to mitigate against failures, cybersecurity incidents, attacks and other disruptions of our information technology systems, we strive to improve the security of our own servers, as well as the security environment we provide to customers and third parties using our products. For example, we possess three on-premise environments (data centers) for storing information, as well as dedicated cloud IT premises, mostly for customers in the Asia-Pacific region. In addition, we have offline backup for information, as well as internal and external support teams which are active seven days a week for identification of cyber-attacks, infiltration and exposure to other threat actors. Despite these measures, our efforts to protect such sensitive information and the Company's information technology systems are not always effective, which could disrupt our operations and adversely affect our business.

The nature of our business and our reliance on digital technologies make us an attractive target for, and vulnerable to, technological failures and exposure to cyber-attacks, fraud, computer viruses, social engineering (including phishing and ransomware attacks), malware, password praying, credential stuffing, general hacking, physical or electronic break-ins or similar disruptions. Breaches of our security systems, which may arise as a result of employee theft, exfiltration, misuse or malfeasance, our actions, omissions or errors, third-party actions, omissions or errors, unintentional events or deliberate attacks by cyber criminals, have in the past and may in the future result in the loss or vulnerability of, or unauthorized access to, our or our customers' data, including personal data, our intellectual property or other confidential, proprietary or sensitive business information. The techniques used to obtain unauthorized, improper or illegal access to our systems, our data, customer data or end-user data, disable or degrade service or sabotage systems are constantly evolving and have become increasingly complex and sophisticated, may be difficult to detect quickly and may not be recognized or detected until after they have been launched against a target. We and our service providers also face threats from sophisticated nation-state and nation-state-supported actors who engage in attacks (including advanced persistent threat intrusions) that add to the risks to our and their systems, internal networks and the information that we and they store and process.

Companies newly acquired by us may have different information security standards and practices from us, making us potentially vulnerable to cybersecurity threats following such acquisitions during system integration. We expect that a growing number of unauthorized parties will continue to attempt to gain access to our systems or facilities through various means, including hacking into our systems or facilities or those of our customers, or attempting to fraudulently induce (for example, through spear phishing attacks or social engineering) our employees, customers, partners, vendors or other users of our systems into disclosing usernames, tax identifications, passwords, payment card information or other personal or sensitive information, which may in turn be used to access our information technology systems. Despite our efforts, we cannot eliminate all risks from cybersecurity threats or incidents or provide assurances that we have not experienced an undetected cybersecurity incident. Security breaches, incidents or other unauthorized access to our platform could potentially impact our ability to engage with clearing entities, banks and credit companies, since under the terms of our agreements with these entities, non-compliance with security requirements could lead to termination of the commercial engagement. To the extent that any system failure or similar event results in harm or losses to customers using our platforms or their data, customers could also seek monetary recourse or contractual remedies from us for their losses and such claims. Beyond the risks posed to our reputation and financial position by loss of user financial data, personal data or other sensitive information, we could be exposed to regulatory inquiries, time-consuming and expensive litigation, sanctions and fines.

Furthermore, regulators and many foreign, federal, state and local laws and regulations require notice of certain data security breaches that involve personal information. Additionally, the SEC has adopted rules that require us to publicly disclose information about material cybersecurity incidents, including their impact or reasonably likely impact. Disclosure may be required before the incident has been resolved or fully investigated. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause customers to lose confidence in the effectiveness of our data security measures. Any security breach suffered by, or the occurrence of a cyber-threat to, us or our service providers, any attack against our service availability, any unauthorized, accidental or unlawful access or loss of data, or the perception that any such event has occurred, has the potential to result in a disruption to our service, litigation, an obligation to notify regulators and affected individuals, the triggering of indemnification and other contractual obligations, regulatory investigations or inquiries, substantial government fines and penalties, material reputational damage and loss of customers and ecosystem partners and a material adverse effect on our business operations and financial conditions. In addition, we may incur significant costs and operational consequences in connection with investigating, mitigating and remediating security incidents, including complying with any notification or other obligations resulting from such incidents, as well as implementing prophylactic measures to prevent future actual or perceived security incidents. Our insurance policies carry retention and coverage limits, which may not be adequate to reimburse us for losses caused by security breaches or other cybersecurity incidents, and we may not be able to collect fully, if at all, under these insurance policies. The successful assertion of one or more large legal claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our business. Furthermore, we cannot be certain that insurance coverage related to security breaches will continue to be available on acceptable terms or at all, or that our insurer will not deny coverage as to any future claim. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Although we have continued to invest in our due diligence, onboarding and monitoring capabilities over critical external parties with whom we do business, including our third-party vendors and service providers, our control over the security posture of, and ability to monitor the cybersecurity practices of, such third parties remains limited, and there can be no assurance that we can prevent, mitigate or remediate the risk of any compromise or failure in the cybersecurity infrastructure owned or controlled by such third parties.

To the extent we use or are dependent on any particular third-party data, technology or software, we may also be harmed if such data, technology or software becomes non-compliant with existing regulations or industry standards, becomes subject to third-party claims of intellectual property infringement, misappropriation or other violation, or malfunctions or functions in a way we did not anticipate. Any loss of the right to use any of this data, technology or software could result in delays in the provisioning of our products and services until equivalent or replacement data, technology or software is either developed by us, or, if available, obtained from a third party and integrated into our systems, and there is no guarantee that we would be successful in developing, obtaining or integrating equivalent or similar data, technology or software, which could result in the loss or limiting of our products, services or features available in our products or services. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

For more information about our cybersecurity practices, please see “Item 16K. Cybersecurity.”

Our business is subject to complex and evolving regulations and oversight related to privacy and data protection.

We are subject to various laws, rules, directives and regulations, as well as contractual obligations, relating to the collection, storing, sharing, use, disclosure, retention, disposition, security, protection, transfer and other processing (“Processing”) of personal information and other data, including personally identifiable information of our customers, their consumers and our employees. The regulatory framework for privacy and data protection worldwide is rapidly evolving and, as a result, implementation standards and enforcement practices are likely to continue to evolve for the foreseeable future. Legislators and regulators are increasingly adopting or revising privacy and data protection laws, rules, directives, and regulations that could have a significant impact on our current and planned privacy and data protection-related practices, our Processing of consumer or employee information, and our current or planned business activities.

In the United States, the Federal Trade Commission (“FTC”) and many state attorneys general interpret federal and state consumer protection laws to impose standards for the online Processing of data. Such standards require us to publish statements that describe how we handle personal data and choices individuals may have about the way we handle their personal data. If such information that we publish is considered untrue, we may be subject to government claims of unfair or deceptive trade practices, which could lead to significant liabilities and consequences. In addition, if we fail to take appropriate steps to keep consumers’ personal data secure, such failure may also constitute unfair acts or practices under the Federal Trade Commission Act. State consumer protection laws provide similar causes of action for unfair or deceptive practices.

Moreover, various federal and state legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding data privacy and security. For example, the State of California enacted the California Consumer Privacy Act, as amended by the California Privacy Rights Act (collectively, the “CCPA”), which created new privacy rights for users residing in the state. The CCPA broadly defines personal information and gives California residents expanded privacy rights and protections, such as affording them the right to access and request deletion of their information and the right to opt out of certain sharing and sales of personal information and provides a new cause of action for certain data breaches that result in the loss of personal information. This private right of action is expected to increase the likelihood of, and risks associated with, data breach litigation. The law also prohibits covered businesses from discriminating against California residents (for example, charging more for services) for exercising any of their CCPA rights. It also creates a new California data protection agency specifically tasked to enforce the law, which could result in increased regulatory scrutiny of businesses operating in California in the areas of data protection and security.

The enactment of the CCPA and other state privacy, data protection and cybersecurity laws, rules and regulations has prompted a wave of similar legislative developments in other states and at the federal level, reflecting a trend toward more stringent privacy legislation in the United States. There are also ongoing discussions in the U.S. Congress of a new federal privacy and cybersecurity law to which we may become subject if it is enacted.

In addition, some laws require us to notify governmental authorities and/or affected individuals of data breaches involving certain personal information or other unauthorized or inadvertent access to or disclosure of such information. For example, laws in all 50 U.S. states may require businesses to provide notice to consumers whose personal information has been disclosed as a result of a data breach. These laws are not consistent, and compliance in the event of a widespread data breach may be difficult and costly. We also may be contractually required to notify consumers or other counterparties of a security breach. Regardless of our contractual protections, any actual or perceived security breach or breach of our contractual obligations could harm our reputation and brand, expose us to potential liability or require us to expend significant resources on data security and in responding to any such actual or perceived breach.

We are also subject to other privacy and data protection laws, rules, regulations and standards, including but not limited to the Children’s Online Privacy Protection Act, the Gramm-Leach-Bliley Act, the Controlling the Assault of Non-Solicited Pornography and Marketing Act, the Personal Information Protection and Electronic Documents Act, the Telephone Consumer Protection Act, the Payment Card Industry Data Security Standard, the Canadian Anti-Spam Law, and Section 30a of the Israeli Telecommunications (Telecommunications and Broadcasts) Law. These laws and any other applicable state, federal, and international privacy laws, may increase our compliance costs and potential liability.

Our operations abroad may also be subject to increased scrutiny or attention from data protection authorities. The European Union's ("EU") General Data Protection Regulation ("GDPR"), which regulates the gathering, Processing, protection, storage and transfer of personal data, applies directly to the activities of our subsidiaries that are established in the European Union and indirectly to us and our non-EU subsidiaries to the extent that such entities process personal data collected from EU data subjects through the offering of goods and services or monitoring of data subjects in the EU. The GDPR, which became effective in May 2018, created new individual privacy rights and imposed worldwide obligations on companies Processing personal data of EU users, which has created a greater compliance burden for us and other companies with European users, and subjects violators to substantial monetary penalties. Fines for noncompliance with the GDPR are significant and can be up to the greater of €20 million or 4% of annual global turnover. The GDPR requires data controllers to implement stringent operational requirements, including, for example, transparent and expanded disclosure to data subjects about how their personal data is to be used, limitations on retention of information, mandatory data breach notification requirements, and higher standards for demonstrating that they have obtained valid consent for certain data Processing activities, and also to impose significant requirements on data Processing actions on their behalf. The GDPR also provides that EU member states may introduce further conditions, including limitations, and make their own laws and regulations further limiting the Processing of 'special categories of personal data,' including personal data related to health, biometric data used for unique identification purposes and genetic information, which could limit our ability to collect, use and share EU data, and could cause our compliance costs to increase, ultimately having an adverse impact on our business, and harm our business and financial condition. Following the United Kingdom's exit from the European Union, known as Brexit, the United Kingdom implemented the U.K. General Data Protection Regulation ("U.K. GDPR"), which currently imposes substantially the same obligations as the GDPR. However, the U.K. GDPR will not automatically incorporate changes made to the GDPR going forward (which would need to be specifically incorporated by the U.K. government), which creates a risk of divergent parallel regimes and related uncertainty. With respect to transfers of personal data from the European Economic Area ("EEA"), on June 28, 2021, the European Commission issued an adequacy decision in respect of the United Kingdom's data protection framework, enabling data transfers from EU member states to the United Kingdom to continue without requiring organizations to put in place contractual or other measures in order to lawfully transfer personal data between the territories. While it is intended to last for at least four years, the European Commission may unilaterally revoke the adequacy decision at any point, and if this occurs it could lead to additional costs and increase our overall risk exposure. We cannot predict how the U.K. GDPR and other U.K. privacy and cybersecurity laws, rules, or regulations may develop, including as compared to the GDPR, nor can we predict the effects of divergent laws and related guidance. Moreover, the U.K. government has launched a public consultation on proposed reforms to the data protection framework in the United Kingdom. This may lead to future divergence and variance between the two regimes.

Recent legal developments in Europe have created complexity and uncertainty regarding data transfers from the EEA to countries outside of the EEA in respect of which the European Commission or other relevant regulatory body has not issued an adequacy decision. Furthermore, the United Kingdom similarly restricts transfers of personal data to countries outside of the United Kingdom to countries such as the United States that the U.K. government does not consider to provide an adequate level of personal data protection. While we currently rely on the standard contractual clauses promulgated and recently substantially revised by the European Commission and the United Kingdom's International Data Transfer Agreement (or the United Kingdom's approved international data transfer addendum to the European Union's standard contractual clauses) for such transfers, on July 10, 2023, the European Commission adopted an adequacy decision concluding that the United States ensures an adequate level of protection for personal data transferred from the European Union to the United States under the recently adopted EU-U.S. Data Privacy Framework (followed on October 12, 2023 with the adoption of an adequacy decision in the United Kingdom for the U.K.-U.S. Data Bridge). However, the EU-U.S. Data Privacy Framework (and the U.K.-U.S. Data Bridge) may be in flux as such new adequacy decision has been challenged, and is likely to face additional challenges, including at the Court of Justice of the European Union.

An additional example of data privacy laws and regulations we may be subject to is the Israeli Protection of Privacy Law, 5741-1981 ("PPL") and the regulations promulgated thereunder, including the Israeli Protection of Privacy (Data Protection) Regulations, 5777-2017. The PPL and the regulations promulgated thereunder, as well as guidelines of the Israeli Privacy Protection Authority (the "PPA"), impose obligations with respect to the manner personal data is processed, maintained, transferred, disclosed, accessed and secured. Failure to comply with the PPL, its regulations and guidelines issued by the PPA may expose us to administrative fines, civil claims (including class actions) and in certain cases criminal liability. The PPA may initiate administrative inspection proceedings, from time to time, without suspicion of any particular breach of the PPL, as it has done in the past with respect to dozens of Israeli companies in various business sectors. In addition, to the extent that any administrative supervision procedure is initiated by the PPA and reveals certain irregularities with respect to our compliance with the PPL, in addition to our exposure to administrative fines, civil claims (including class actions) and in certain cases criminal liability, we may also need to take certain remedial actions to rectify such irregularities, which may increase our costs. Pending legislation in Israel may result in a change to the current enforcement measures and sanctions.

We publicly post policies and documentation regarding our practices concerning the Processing of data. This publication of our privacy policy and other documentation that provide promises and assurances about privacy and security is required by applicable law and can subject us to proceedings and actions brought by data protection authorities, government entities, or others (including, potentially, in class action proceedings brought by individuals) if our policies are alleged to be deceptive, unfair, or misrepresentative of our actual practices.

Although we endeavor to comply with our published policies and documentation, we may at times fail to do so or be alleged to have failed to do so.

Any breach of privacy or data protection laws or regulations could result in significant fines, regulatory investigations, reputational damage, orders to cease Processing data or to change our practices, enforcement notices or assessment notices for a compulsory audit. We could also face civil privacy and data protection claims, including representative or class action litigation, potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm. Non-compliance could result in proceedings against us by governmental entities, consumers, data subjects, or others. We may also experience difficulty retaining or obtaining new consumers in these jurisdictions due to the legal requirements, compliance costs, potential risk exposure, and uncertainty for these entities, and we may experience significantly increased liability with respect to these consumers pursuant to the terms set forth in our engagements with them.

Compliance with current or future privacy and data protection laws (including those regarding security breach notification) affecting consumer and/or employee data to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services (such as products or services that involve us sharing information with third parties or storing personal or sensitive information), which could materially and adversely affect our profitability and could reduce income from certain business initiatives. We have incurred, and may continue to incur, significant expenses to comply with evolving privacy and security standards and protocols imposed by law, regulation, industry standards, shifting consumer expectations, or contractual obligations. In particular, with laws and regulations such as the GDPR in the EU, the U.K. GDPR in the United Kingdom, the PPL in Israel and the CCPA and other laws, rules, regulations and standards in the U.S. imposing new and relatively burdensome obligations, and with substantial uncertainty over the interpretation and application of these and other laws and regulations, we may face challenges in addressing their requirements and making necessary changes to our policies and practices, and we may incur significant costs and expenses in an effort to do so. There is a risk that the interpretations and measures conducted by us in our efforts to comply with the applicable privacy and data protection legislation may prove to be insufficient or incorrect. Any failure, real or perceived, by us to comply with our privacy, data protection, or information security policies, changing consumer expectations, or with any evolving regulatory requirements, industry standards, or contractual obligations could cause our customers to reduce their use of our products and services, disrupt our supply chain or third-party vendor or developer partnerships, and materially and adversely affect our business. Privacy and data security concerns, whether valid or not, may inhibit market adoption of our products and services, particularly in certain industries and jurisdictions. If we are not able to quickly adjust to changing laws, regulations, and standards related to the internet, our business may be harmed.

Operational failures, including within data transfer, could harm our reputation, ability to retain customers and recruit new customers, as well as our business results.

The core of our activity is providing technological services. As a result, and in light of the continuous, rapid development of the area of activity, as well as expansion of the services required by our customers, we are exposed to operational risks, including risks to the stable, ongoing operation of our technological systems, data security and the durability of our servers and data transfer infrastructure. These risks include technical malfunctions, overloads of system servers and cyber-attacks that could lead to the failure or shutdown of our computer systems and servers. If a technical failure or an attack on our computer infrastructure occurs and we are unable to restore our systems to proper functioning within a reasonable timeframe, our reputation and business results may suffer. Additionally, real or perceived software errors, failures, bugs, defects or outages of our systems could materially and adversely affect our business, results of operations, financial condition and future prospects.

Our systems rely on software that is highly technical and complex, and we depend on the ability of such software to store, retrieve, manage and otherwise process immense amounts of data. As a result, undetected errors, failures, bugs or defects may be present in such software or occur in such software in the future, especially when updates or new products or services are released, and particularly to the extent such failures are not detected or remedied quickly. Our products and services are designed to process complex transactions and deliver reports and other information related to those transactions, all at high volumes and processing speeds. Since customers use our services for important aspects of their businesses, any errors, defects, disruptions in services or other performance problems with our services could hurt our reputation and damage our customers' businesses. For example, if we approve a transaction incorrectly and the acquiring or issuing bank does not transfer the funds for any reason, we are liable to our customers for the amount of the transaction. Software and system errors, or human error, could delay or inhibit settlement of payments, result in over settlement, cause reporting errors or prevent us from collecting transaction fees, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, in order to compete as a significant player in the market for payment processing and operations solutions for businesses, we must demonstrate technological flexibility and advanced technical capability. We operate in an industry experiencing rapid technological change and frequent product introductions, including developments in payment card tokenization, mobile payments, social commerce (i.e., e-commerce through social networks), authentication, virtual currencies, distributed ledger or blockchain technologies, near field communication and other proximity or contactless payment methods, machine learning and AI.

We may not be able to make technological improvements as quickly as demanded by our customers, or as provided by our competitors, which could harm our ability to meet market demands and maintain the innovativeness and uniqueness of the services and products we offer. Developing and adapting to new technologies, together with expansion of our services and an increase in our customer base, require us to continuously maintain and expand our existing technological capabilities, including those for data transfer between the points of operation and relevant servers.

Operational failures, including regarding data transfer, could harm our reputation, business results and our ability to retain customers and recruit new customers. Furthermore, as our business continues to grow, we will need to invest additional resources to improve our operational infrastructure in order to maintain its performance level under a heavy operational load. Any failure to do so effectively could harm our business.

Our services must integrate with a variety of operating systems, software, hardware, web browsers and networks of third-party payments processors, banks and acquirers. If we are unable to ensure that our services or hardware interoperate in real time with such operating systems, software, hardware, web browsers and networks, our business may be materially and adversely affected.

We are dependent on the ability of our products and services to integrate with a variety of operating systems, software, hardware and networks, as well as web browsers that we do not control. Any changes in these systems or networks that degrade the functionality of our products and services, impose additional costs or requirements on us or give preferential treatment to competitive services, including their own services, could materially and adversely affect usage of our products and services. In the event that it is difficult for our customers to access and use our products and services, our business may be materially and adversely affected. We also rely on bank platforms, acquirers, payment processors, last-mile payment service providers and others, including card issuers and alternative payment methods, to process some of our transactions. If there are any issues with, or service interruptions in, these bank platforms, users may be unable to have their transactions completed, which would seriously harm our business.

In addition, our solutions, including hardware and software, interoperate with mobile networks offered by telecom operators and mobile devices developed by third parties. Changes in these networks or in the design of these mobile devices may limit the interoperability of our solutions with such networks and devices and require modifications to our solutions. If we are unable to ensure that our hardware continues to interoperate effectively with such networks and devices, or if doing so is costly, our business may be materially and adversely affected.

Our business could suffer if we are unable to obtain, maintain, protect, defend or enforce our intellectual property or other proprietary rights, or if others claim that we have infringed upon, misappropriated or otherwise violated their intellectual property rights.

Our ability to obtain, maintain, protect, defend and enforce our existing intellectual property and technological know-how is a matter of great importance. Continuing to lead in the provision of our services to customers is partially dependent on our ability to protect the intellectual property upon which our products are based, as well as trade secrets. We seek to protect our intellectual property, whether registered or unregistered, and other proprietary rights by relying on applicable laws, rules and regulations, as well as contractual restrictions both with our employees in the development of new services and technologies and when offering or procuring products and services, including through confidentiality agreements with our employees and third parties with whom we conduct business.

Nonetheless, the steps we take to obtain, maintain, protect, defend and enforce our intellectual property and other proprietary rights may be inadequate and, despite our efforts to protect these rights, unauthorized third parties, including our competitors, may duplicate, mimic, reverse engineer, access, obtain or use the proprietary aspects of our technology, processes, products or services without our permission. Our competitors and other third parties may also design around or independently develop similar technology or otherwise duplicate or mimic our services or products such that we would not be able to successfully assert our intellectual property or other proprietary rights against them. We cannot assure that any future patent, trademark or service mark registrations will be issued for our pending or future applications or that any of our current or future patents, copyrights, trademarks, or service marks (whether registered or unregistered) will be valid, enforceable, sufficiently broad in scope, provide adequate protection of our intellectual property or other proprietary rights, or provide us with any competitive advantage. A failure to suitably protect our technology could lead to increased competition from our competitors and even a loss of customers. Furthermore, competitors may reverse engineer our technology and develop similar products and services. We also might not be able to detect unauthorized use of, or take appropriate and timely steps to enforce, our intellectual property rights and technology. Additionally, our contractual arrangements may be breached and our contractual arrangements and other steps we have taken to protect our intellectual property may not prevent third parties from infringing or misappropriating our intellectual property or deter independent development of equivalent or superior intellectual property rights by others. We cannot guarantee that we have entered into agreements containing obligations of confidentiality with each party that has or may have had access to proprietary information, know-how or trade secrets owned or held by us. Protecting and/or enforcing our intellectual property rights and other proprietary rights may be expensive, time-consuming and may require litigation for which outcomes are inherently uncertain, such that we may not be successful. Also, we may not be able to discover or determine the extent of any unauthorized use of our intellectual property or other proprietary rights. Defending a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts within and outside of the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor or other third party, our competitive position would be materially and adversely harmed.

In addition, third parties have claimed and may from time to time claim that we infringed, misappropriated or otherwise violated a patent, copyright, trademark or other intellectual property right belonging to them and we may become subject to intellectual property disputes. Any such infringement claim, even one without merit, could result in the expenditure of significant financial and managerial resources to defend against the claim. Moreover, a successful claim of intellectual property infringement, misappropriation, dilution or other violation against us or a settlement is time-consuming and could also require us to pay substantial amounts (including treble damages and attorneys' fees if we are found to have willfully infringed intellectual property rights) or obtain a license to continue to use the technology that is the subject of the claim, or otherwise restrict or prohibit our use of the technology. We may also not be able to obtain a license to use satisfactory alternative technology that would allow us to continue selling our products and services. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us. We cannot predict the outcome of lawsuits or other intellectual property claims or disputes, and cannot ensure that the results of any such issues or actions will not have an adverse effect on our business, financial condition or results of operations. Any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, regardless of the merit of the claim or our defenses, may require us to do one or more of the following:

- cease selling or using solutions or services that incorporate the intellectual property rights that we allegedly infringe, misappropriate, dilute or violate;
- make payment of substantial royalty or license fees, lost profits or other damages;
- make substantial payments for legal fees, settlement payments or other costs or damages;
- discontinue some or all of the features, integrations and capabilities available through our solutions;
- indemnify our products' users or third-party service providers;
- obtain a license, which may not be available on reasonable terms or at all, to sell or use the relevant technology; or
- redesign or rebrand our allegedly infringing solutions to avoid infringement, misappropriation, dilution or violation of third-party intellectual property rights, which could be costly, time-consuming or impossible.

Any of the foregoing could materially and adversely affect our business, prospects, financial condition and results of operations.

Any settlement or adverse judgment may also require us to restrict or prohibit our use of our intellectual property, expend significant resources to redesign our technology or products, or indemnify third parties. Furthermore, even if intellectual property disputes do not result in litigation, the time and resources necessary to resolve them could have a material adverse effect on our business, financial condition and results of operations. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our ordinary shares. We expect that the occurrence of infringement claims is likely to grow as the market for our products and solutions grows. Accordingly, our exposure to royalties or damages resulting from infringement claims could increase and this could further exhaust our financial and management resources.

For more information regarding our intellectual property portfolio as of the date of this annual report, see “Item 4. Information on the Company—B. Business Overview—Intellectual Property.”

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position could be harmed.

Our success depends in large part on our proprietary information, including certain processes, models, algorithms and other know-how developed over years of research and development. We rely on trade secrets, especially in cases where we believe other forms of registered intellectual property protection may not be appropriate or obtainable. However, trade secrets are difficult to protect. We seek to protect these trade secrets and other proprietary information, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, collaborators, consultants, advisors and other third parties.

However, we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. Further, despite these efforts, no assurance can be given that these agreements will be effective in controlling access to and distribution of our products and proprietary information as any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches.

Unauthorized parties may also attempt to copy or reverse engineer certain aspects of our technologies that we consider proprietary. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how and we would be unable to prevent them from doing so. Monitoring unauthorized uses and disclosures is difficult, and we do not know whether the steps we have taken to protect our proprietary information will be effective.

We make use of open-source components in our proprietary software, and any actual or alleged failure to comply with any licensing terms associated with such components could lead to costly claims against us by others, possible litigation or force us to re-engineer or disclose our proprietary software.

We use open-source software, including open-source software obtained from AI applications, in connection with our proprietary software and expect to continue to use such open-source software in the future. Some open-source licenses require licensors to provide source code to licensees upon request, or prohibit licensors from charging a fee to licensees. While we try to insulate our proprietary code from the effects of such open-source license provisions, we cannot guarantee these efforts will be successful.

Although we believe that we have complied with our obligations under the various applicable licenses for open-source software, and we monitor our usage of such software, it is possible that we may not be aware of all instances where open-source software has been incorporated into our proprietary software or used in connection with our solutions or our corresponding obligations under open-source licenses. Accordingly, we may face claims from others claiming ownership of, or seeking to enforce the license terms applicable to, such open-source software, including by demanding release of the open-source software, derivative works or our proprietary source code that was developed or distributed with such software. These claims could also result in litigation, imposing costs on us for legal hearings or requiring us to purchase a costly license or require us to devote additional research and development resources to change our software. In addition, if the license terms for the open-source code change, we may be forced to re-engineer our software or incur additional costs. We cannot guarantee that we have not incorporated open-source software into our proprietary software in a manner that may subject our proprietary software to an open-source license that requires disclosure, to customers or the public, of the source code to such proprietary software. Any such disclosure would have a negative effect on our business and the value of our proprietary software.

Furthermore, there are an increasing number of open-source software license types, almost none of which have been interpreted by courts, resulting in a dearth of guidance regarding the proper legal interpretation of such licenses. As a result, there is a risk that open-source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market or provide our products and services. If we are held to have breached or failed to fully comply with all the terms and conditions of an open-source software license, we could face infringement claims or other liability, or be required to seek costly licenses from third parties to continue providing our offerings on terms that are not economically feasible, if at all, to re-engineer all or a portion of our products, to discontinue or delay the provision of our offerings if re-engineering could not be accomplished on a timely basis or to make generally available, in source code form, our proprietary code.

In addition to risks related to license requirements, use of open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties, controls on the origin or development of the software or remedies against the licensors. Many of the risks associated with use of open-source software cannot be eliminated and could have a material adverse effect on our business, financial condition and results of operations. For instance, open-source software is often developed by different groups of programmers outside of our control that collaborate with each other on projects. As a result, open-source software may have security vulnerabilities, defects or errors of which we are not aware. Even if we become aware of any security vulnerabilities, defects or errors, it may take a significant amount of time or resources for either us or the programmers who developed the open-source software to address such vulnerabilities, defects or errors, which could negatively impact our products and services, including by adversely affecting the market's perception of our products and services, impairing the functionality of our products and services, delaying the launch of new products and services or resulting in the failure of our products and services, any of which could result in liability to us, our vendors and service providers.

We rely in some cases on licenses to use the intellectual property rights of third parties which are incorporated into our products, services and offerings.

We rely, and expect to continue to rely, on certain services and intellectual property that we obtain or license from third parties for use in our operations, products and offerings. We cannot be certain that our suppliers or licensors are not using or incorporating the intellectual property rights of others or that our suppliers and licensors have sufficient rights to the third-party technology used in our business in all jurisdictions in which we may operate. Disputes with suppliers, licensors or third parties over uses or terms could result in the payment of additional royalties or penalties by us, cancellation or non-renewal of the underlying license or litigation, or changes in our supply chain. In the event that we cannot renew and/or expand existing licenses, or obtain other necessary licenses on reasonable terms, we may be required to discontinue or limit our use of the operations, products or offerings that include or incorporate the licensed intellectual property. Any such discontinuation or limitation could have a material and adverse impact on our business, financial condition and results of operation.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.

Our agreements with our customers, partners and other third parties may include indemnification or other provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of intellectual property infringement, damages caused by us to property or persons or other liabilities relating to or arising from our products, solutions or other acts or omissions. The term of these contractual provisions may survive termination or expiration of the applicable agreement. Large indemnity payments or damage claims from contractual breach could harm our business, financial condition, revenues, results of operations or cash flows.

Our use of artificial intelligence technology, internally and in our offerings, may not be successful and may result in operational challenges, legal liability, reputational concerns and privacy and competitive risks.

We currently use and intend to leverage third parties' artificial intelligence ("AI") applications in several of our internal processes, and the products and services we sell. For example, we currently utilize a platform that offers API integrations with Large Language Models like GPT and Claude. These models are being trained on a replica of the Company's database. The trained models are used as both internal and customer-facing tools, enabling users to query the database using natural language. As this technology is becoming more prevalent, we expect to expand our use of AI in various areas of our business. Our use of AI may result in operational challenges, legal liability, reputational concerns, and privacy and competitive risks, which could result in adverse effects on our financial condition, results of operations, or reputation. For example, the models underlying our AI-powered solutions may be incorrectly or inadequately designed or implemented. They may also be trained on, or otherwise use, biased, incomplete, inaccurate, misleading, or poor-quality data or algorithms, any of which may not be easily detectable. Further, the use of generative AI processes at scale is relatively new and may lead to challenges, concerns and risks that are significant or that we may not be able to predict, especially if our use of such technologies in the development or delivery of our products or services becomes more important to our operations over time. Generative AI has been known to, and may continue to, create biased, incomplete, inaccurate, misleading, or poor-quality output or produce other discriminatory or unexpected results, errors, or inadequacies, any of which may not be easily detectable. Accordingly, our use of AI-powered solutions may inadvertently reduce our effectiveness and efficiency or generate unintentional or unexpected outputs (including any AI-generated content, analyses, or recommendations) that are, or are perceived to be, biased, incomplete, inaccurate, misleading, poor-quality, unethical, or otherwise deficient or flawed, do not match our business goals, standards, or values, do not comply with our policies or procedures, harm our brand and reputation, negatively impact consumers or otherwise interfere with the performance of our business. Further, our competitors or other third parties may incorporate AI into their business or operations more quickly or more successfully than us, which could impair our ability to compete effectively.

We may not have adequate rights to use the data on which our AI-powered solutions rely. To the extent that we do not have sufficient rights to use the data used in, or produced by, the AI-powered solutions employed in our business and operations, we may be subject to litigation by the owners of the content or other materials that comprise such data. Further, any content or other output created by us using AI-powered solutions may not be subject to copyright protection, which may adversely affect our ability to commercialize or use, or the validity or enforceability of any intellectual property rights in, such content or other output. In addition, AI technology may present new vulnerabilities of our business to cyber threats, as they serve additional means and methods to facilitate attacks by bad actors, that can easily access generative AI to create such threats. The use of AI by other companies has resulted in, and our use of AI may in the future result in, cyber-attacks, cybersecurity breaches, service outages or other similar incidents, including those that implicate the confidential and personal information of users of AI-powered solutions. If any of our employees, contractors, third-party providers or other third parties with whom we partner input confidential or personal information while using any third-party AI-powered solution in connection with our business or the products, solutions and services they provide to us, such practice may lead to the inadvertent disclosure of such confidential or personal information, which may impact our ability to realize the benefit of, or adequately obtain, maintain, protect, defend, and enforce our intellectual property in, such information or otherwise harm our competitive position, reputation or business. Any of the foregoing could adversely affect our reputation and expose us to legal liability or regulatory risks, including with respect to third-party intellectual property or privacy, publicity, contractual or other rights.

Regulation of AI is rapidly evolving worldwide as legislatures and regulators are increasingly focusing on these emerging technologies. For example, the European Union's Artificial Intelligence Act (the "AI Act"), which entered into force on August 1, 2024, establishes, among other things, a risk-based governance framework for regulating AI systems operating in the EU. This framework categorizes AI systems, based on the risks associated with such AI systems' intended purposes, as creating unacceptable or high risks, with all other AI systems being considered limited or low risk. There is a risk that our current or future AI-powered solutions may obligate us to comply with the applicable requirements of the AI Act, which may impose additional costs on us, increase our risk of liability and fines or otherwise adversely affect our business, results of operations, financial condition and future prospects.

Further, in the EU and the U.K., we are subject to the GDPR and the U.K. GDPR, respectively, which regulate our use of personal data for automated decision-making that results in a legal or similarly significant effect on an individual, and provides rights to individuals in respect of that automated decision-making. Recent case law from the Court of Justice of the European Union has taken an expansive view of the scope of the GDPR's requirements around automated decision-making and introduced uncertainty in the interpretation of these rules. The legal obligations in this area may affect our use of AI (such as our use of generative AI in customer support) and our ability to provide, improve or commercialize our solutions, products and services may require additional compliance measures and changes to our operations and processes, and result in increased compliance costs and potential increases in civil claims against us, any of which could adversely affect our business, results of operations, financial condition and future prospects.

It is possible that new laws and regulations will be adopted in the United States and other jurisdictions, or that existing laws and regulations may be interpreted in ways that could affect our use and provision of AI in our products, services, business and operations generally. We may not be able to adequately anticipate or respond to these evolving laws and regulations, and we may need to expend additional resources to adjust our products, solutions and services in certain jurisdictions if applicable legal frameworks are inconsistent across jurisdictions. The cost to comply with such laws or regulations could be significant and may increase our operating expenses, and we could incur liability resulting from the violation of applicable laws and regulations as well as contracts to which we are a party or civil claims.

Further, public and regulatory focus on ethical use and privacy and cybersecurity concerns regarding AI could lead to reputational damage if we fail, or are perceived to fail, to align with societal expectations or regulatory standards relating to the use of AI. Such scrutiny may result in financial or other penalties and may also erode customer trust, which is crucial for our brand and long-term success. Although we have taken, and continue to take, steps designed to mitigate the risks associated with the use of AI in our business and operations, including, among other things, engaging with regulatory bodies, investing in compliance infrastructure, requiring human involvement in the training and monitoring of our AI-powered solutions, aligning our AI development policies and procedures with guidelines for secure development practices, and fostering transparent and ethical use of AI in our products, solutions and services, our use of AI may present ethical, reputational, technical, operational, legal, competitive and regulatory risks, any of which could adversely affect our business, financial condition and results of operations. Furthermore, the technologies underlying AI are complex and rapidly developing and, as a result, it is not possible to predict all of such risks related to our current or future use of AI. We expect our use of AI will require additional resources, including the incurrence of additional costs, to develop and maintain our products and services to minimize potentially harmful or unintended consequences, to comply with applicable and emerging laws and regulations, to maintain or extend our competitive position, and to address any ethical, reputational, technical, operational, legal, competitive or regulatory issues which may arise as a result of any of the foregoing.

Risks Related to Legal and Regulatory Matters

We are subject to substantial governmental and commercial regulations across our areas of activity. Any failure to comply with applicable regulations or standards may lead to significant regulatory consequences and could have an adverse effect on our business, financial condition or results of operations.

Our activity, particularly our payment processing offerings are subject to substantial governmental regulations, which vary according to our different areas of activity. Our operations are also subject to commercial standards. See “Item 4. Information on the Company—B. Business Overview—Regulation.”

For example, we provide services in more than 120 countries but only hold licenses, registrations or other authorizations in a subset of these countries. We exercise our judgment as to whether our activities are subject to licensing requirements or otherwise regulated in the countries in which we operate, and it is possible that regulators or other governmental or judicial bodies in such countries may disagree with our determination as to whether we require a license, registration or other authorization or as to the sufficiency of the scope of our licenses, registrations or other authorizations to cover our business activities. Financial regulators across jurisdictions are increasingly focused on regulation of the payments industry, including with respect to the activities of non-bank payment processors and intermediaries, and we may receive enquiries from regulators or third parties such as customers or partners as to our licensing position in particular jurisdictions which may require us to engage with regulators or third parties on this subject, and require investment of financial and managerial resources or amendments to our operations. In addition, tax administrations in various jurisdictions in which we operate have increasingly sought to enhance their data collection and tax compliance related to payment processing transactions by requiring electronic fiscal reporting by payment processing providers, which is referred to as fiscalization. For example, regulators in Brazil and Romania have imposed fiscalization requirements that require us to provide almost instantaneous reporting to tax administrations of certain of our payment processing activities. Due to the lack of uniformity in fiscalization requirements from jurisdiction to jurisdiction, fiscalization adds complexity and associated risk to our regulatory compliance efforts. In addition, through CoinBridge we have a license to issue Mastercard in Europe and the U.K. and the Discover Card in the U.S., and we are working to expand such licensing to additional markets. Our CoinBridge related licenses impose on us a variety of regulatory requirements in different jurisdictions, including ongoing compliance requirements, and expose us to risks applicable to credit card issuers such as fraud. To the extent that we do not comply, or have not in the past complied, with applicable licensing or other regulations and requirements, we could face regulatory enforcement action, including fines, penalties, suspension or revocations of licenses, registrations or other authorizations, limitations on our products and services and other regulatory consequences, loss of business or reputational damage which may be significant and could have an adverse effect on our business, financial condition or results of operations. Further, the inability to obtain new licenses or other authorization in new jurisdictions into which we plan to expand our operations, or the loss of any license or other authorization in jurisdictions in which we presently operate, could have an adverse effect on our business, prospects, financial condition or results of operations. As we continue to expand our products offerings and our geographical footprint, we may be exposed to regulations that are applicable to financial services related to the utilization of digital assets.

We are also subject to other forms of regulatory oversight, including oversight from an antitrust and competition perspective related to mergers and acquisitions and other business activities. During 2023, the ICA requested from us certain documents and other information related mainly to our acquisition of OTI. We cooperated fully and transparently with the ICA throughout its investigative process, and, on February 3, 2025, we entered into the Consent Decree with the ICA to settle allegations of anticompetitive practices and failing to obtain necessary ICA consent in connection with the acquisition. Pursuant to the Consent Decree, we and Yair Nechmad, our CEO and Chairman, agreed to pay a sum of NIS 2,500,000 (approximately \$701,000) and NIS 240,000 (approximately \$67,300), respectively, to the Israeli State Treasury, and we agreed to provide up to 6,500 OTI POS kits, comprised of the Telebox hardware units paired with Uno 8/Uno Plus card readers, over a period of five years, to third parties who may sell, distribute, and market the OTI POS kits under their own brands in the Israeli market. The Consent Decree is subject to public commentary and will become effective upon approval by the Israeli Competition Court. While we do not believe the terms of the settlement will have a significant adverse effect on our business, financial condition or results of operations, it is possible that the ICA, or other antitrust and competition regulators in countries where we operate, will initiate other regulatory enforcement actions, which could require the expenditure of significant financial and managerial resources to defend against and could lead to fines, penalties, limitations on our products and services and other regulatory consequences, which may be significant and could have an adverse effect on our business, financial condition or results of operations.

In addition, changes in governmental or commercial regulations affecting our different areas of activity require us to adapt our products in order to meet different requirements, including through the investment of financial and managerial resources. Changes in the regulations or commercial standards applicable to our activity could substantially impact our financial position and results.

Similarly, in certain countries, we rely on agreements with payment processing providers that are licensed, registered or otherwise authorized to operate under applicable laws in order to be able to provide payment processing services to our customers. There may be changes to regulations or provisions of law applicable to our engagements with these payment processing entities that change the characteristics of, force us to engage with other payment processing entities or bring an end to these engagements altogether, which could materially and adversely affect our business status, financial condition, and operating results. See “—Risks Related to our Business and Industry—We rely on processing service providers, credit card networks, banks and other entities in the payment transfer system to process payments, and if they fail or no longer agree to provide their services or we fail to comply with our obligations under those relationships, our customer relationships could be adversely affected, and we could lose business.”

Additionally, we are licensed as an Electronic Money Institution (“EMI”) in the EU in Lithuania. This authorization imposes significant ongoing compliance obligations and costs on us. In particular, EMIs are subject to detailed rules on how electronic money is issued to customers, how customer funds must be safeguarded and how electronic money may be redeemed. We are required to ensure funds received from customers for electronic money are either held in a segregated account with an authorized credit institution, invested in secure, liquid assets or covered by an insurance policy or comparable guarantee. We are also required to satisfy regulatory capital requirements. Specifically, EMIs must at all times hold initial capital of at least EUR 350,000. There is also an ongoing capital requirement which is calculated as a percentage of the average outstanding amount of issued electronic money. Capital is required to be held as a buffer, absorbing both unexpected losses that arise while the business is a going concern as well as the first losses if it is wound up. In addition to safeguarding of customers’ funds and regulatory capital requirements, EMIs must maintain detailed internal compliance policies and procedures that address, among other things, customer complaints handling, anti-money laundering and financial crime controls, customer due diligence, transaction monitoring, anti-bribery and corruption and compliance with applicable sanctions. EMIs are also required to regularly submit returns to regulatory authorities and make period and event-driven notifications. Senior managers and other key personnel within the EMI are also required to be approved by the relevant regulator to meet specific standards of competence, integrity and reliability, and must continue to meet the applicable regulatory standards in this regard or risk not being approved or having their approval withdrawn. EMIs are also subject to prescriptive disclosure, conduct of business, safeguarding and additional capital requirements when they provide payment services unrelated to the issue of electronic money, which we must also comply with given the nature of our business. These are in addition to the general legal obligations that apply to the group by virtue of conducting business in the EU and U.K., such as compliance with relevant data protection laws (e.g., the GDPR and U.K. GDPR). Finally, we were granted an EMI license in the U.K., which imposes substantially similar ongoing regulatory requirements on the relevant U.K. subsidiary that holds the license. These and other ongoing compliance requirements may have a material impact on our financial condition and the allocation of human resources within the Company.

In Australia, we were recently informed that due to changing regulations, we will no longer be able to supply POS devices that are not PCI-PTS compliant in the near future. PTS is a set of security evaluations created by the Payment Card Industry Security Standard Council (PCI SSC) that is intended to safeguard cardholder data at interaction points such as a POS. While we intend to be able to provide a new suitable solution in Australia before any disruption to our business occurs, we cannot guarantee the timeline of regulatory certifications, our ability to produce the new POS devices, and the demand by customers of our new POS devices. If there are any delays in the certification process of our POS devices, any issues with the mass production of the new POS devices, or if the demand by customers of the new POS devices is weakened, we could see an adverse impact to our business in Australia.

Failure to comply with anti-bribery, anti-corruption, anti-money laundering laws, and similar laws, could subject us to penalties and other adverse consequences.

We are subject to anti-corruption, anti-bribery, anti-money laundering and other similar laws, including but not limited to the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), the U.K. Bribery Act 2010, (the “Bribery Act”), Chapter 9 (sub-chapter 5) of the Israeli Penal Law, 5737-1977, the Israeli Prohibition on Money Laundering Law, 5760-2000, the Republic of Lithuania’s Law on Prevention of Terrorism Financing and Money Laundering, the U.S. Bank Secrecy Act of 1970, as amended by the USA PATRIOT Act and the Anti-Money Laundering Act of 2020, the U.K. Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019, the Terrorism Act 2000, the Counter-Terrorism Act 2008 and other anti-corruption, anti-bribery, and anti-money laundering laws in countries in which we, or third parties acting on our behalf, conduct activities. Anti-corruption and anti-bribery laws generally prohibit companies and their officers, directors, employees and business partners, including agents and other third parties acting on the company’s behalf, from promising, authorizing, making, offering, or providing anything of value to a “foreign official” for the purposes of influencing official decisions or obtaining or retaining business, or otherwise obtaining favorable treatment. The FCPA further requires us to keep and maintain books and records that accurately reflect transactions and dispositions of assets and to maintain a system of internal accounting controls. The Bribery Act also prohibits “commercial” bribery not involving government officials, the receipt of bribes, and requires companies to implement adequate procedures to prevent bribery.

We currently do business with government entities around the world and these interactions expose us to potential risks under anti-corruption and anti-bribery laws. As we increase our international sales and business, our risks under these laws may increase. In addition, we use third parties to sell access to our products and services abroad. These third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities, and we can be held liable for the corrupt or other illegal activities of such third-party intermediaries, and our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities.

Pursuant to relevant anti-money laundering laws in the jurisdictions in which we operate or pursuant to our agreements with payment processing providers, we engage in standard “know-your-customer” diligence prior to initiating payments to new customers, which includes screening customers against applicable sanction lists, and we partner with third-party service providers to assist with this diligence exercise. Such anti-money laundering laws also require ongoing monitoring of transaction flows through our platform. If we or our service providers decide to terminate our agreement, we would need to find new providers to provide similar services. If we are unable to find alternate providers or if we are unable to sign new agreements or maintain our current relationships, our internal controls and compliance systems may be harmed, which may harm our business and results of operations.

In addition to diligence prior to initiating a customer relationship, we are required by applicable anti-money laundering laws or our agreements with payment processing providers to carry out ongoing monitoring of our customer relationships and customer transactions, assess money laundering risks posed to our business by individual customers and apply enhanced due diligence measures as appropriate and to report suspicions of money laundering both internally and to external authorities. Failure to comply with our obligations under applicable anti-money laundering laws could result in our licenses, registrations and authorizations being suspended or revoked, financial sanctions, reputational damage and criminal penalties.

We cannot provide assurance that our internal controls and compliance systems will always prevent acts committed by employees, agents, or business partners of ours, or of businesses we acquire or partner with, that would violate U.S. and/or non-U.S. laws, including the money-laundering laws governing payments to government officials, bribery, fraud, kickbacks and other related laws. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, adverse media coverage, and other consequences. Any investigations, actions or sanctions could harm our business, results of operations, reputation and financial condition.

Failure to comply with global economic and trade sanctions laws and regulations may expose us to reputational harm as well as significant penalties.

Our global operations expose us to risks under economic and trade sanctions laws and regulations. Our business must be conducted in compliance with applicable economic and trade sanctions laws and regulations, such as those administered and/or enforced, *inter alia*, by the Israel Ministry of Finance or Ministry of Defense, as well as by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, the European Union, the United Nations Security Council, and other relevant government authorities. These laws and regulations generally prohibit the sale of products or provision of services to countries, governments, and persons targeted by sanctions. A failure to comply with these laws and regulations may expose us to reputational harm as well as significant penalties, including investigations, arrangements, fines, prosecution, enforcement actions, criminal and civil punishment etc. Despite our compliance efforts and activities, we cannot assure compliance by our customers, employees, or anyone acting on our behalf, and therefore such liability may be imposed on us. Any such non-compliance or violation may significantly harm our business, reputation, and financial condition.

We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have an adverse effect on our business.

We are subject to various litigation matters from time to time, the outcomes of which could harm our business. Claims arising out of actual or alleged violations of law or contractual obligations could be asserted against us by individuals, either individually or through class actions, by governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws, including but not limited to, intellectual property laws, privacy and data protection laws, labor and employment laws, securities laws and employee benefit laws. These actions could expose us to adverse publicity and to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to, suspension or revocation of licenses to conduct business. Furthermore, defending ourselves against these claims may require us to expend substantial financial resources and divert management's attention, which could adversely impact our business, results of operations and financial condition. See "Item 4. Information on the Company—B. Business Overview—Legal Proceedings."

Risks Related to our Ordinary Shares

We are controlled by our founding shareholders, who may make decisions with which other shareholders may disagree.

As of December 31, 2024, our founding and controlling shareholders Amir Nechmad, Yair Nechmad and David Ben-Avi beneficially owned approximately 61.02% of our outstanding ordinary shares. They have also entered into a shareholders' agreement regarding nomination rights to our board of directors, voting their shares at a general meeting of shareholders and other matters. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Shareholders' Agreement" for more information. The interests of our founders may differ from your interests. These shareholders will be able to exert significant influence over us and, if acting together, will be able to control matters requiring shareholder approval, including the election of directors, amendments to our articles of association and approval of significant corporate transactions, including a merger and the issuance of equity interests in certain circumstances. In addition, this concentration of ownership may delay, prevent or deter a change in control, or deprive you of a possible premium for your ordinary shares as part of a sale of our Company. Our founders could also sell their stake and transfer control to another party without your consent.

The market price of our ordinary shares is subject to fluctuation, which could result in substantial losses for our investors.

The stock market in general, and the market price of our ordinary shares in particular, is subject to fluctuation, and changes in our share price may be unrelated to our operating performance. The market price of our ordinary shares on Nasdaq and the TASE has fluctuated in the past, and we expect it will continue to do so. The market price of our ordinary shares is and will be subject to a number of factors, including:

- actual or anticipated changes or fluctuations in our and our competitors' results of operations;
- the guidance we may provide to analysts and investors from time to time, and any changes in, or our failure to perform in line with, such guidance;
- announcements by us or our competitors of new offerings or new or terminated contracts, commercial relationships or capital commitments;
- industry or financial analyst or investor reaction to our press releases, other public announcements, and filings with the U.S. Securities and Exchange Commission (the "SEC");

- rumors and market speculation involving us or other companies in our industry;
- future sales or expected future sales of our ordinary shares;
- investor perceptions of us and the industries in which we operate;
- price and volume fluctuations in the overall stock market from time to time;
- our shares generally trade at low volumes, which may increase the volatility of our share price;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- failure of industry or financial analysts to maintain coverage of us, the issuance of new or updated reports or recommendations by any analysts who follow our company, or our failure to meet the expectations of investors;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- litigation involving us, other companies in our industry or both, or investigations or sanctions by regulators regarding our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights or our solutions, or third-party intellectual or other proprietary rights;
- announced or completed acquisitions of businesses or technologies, or other strategic transactions by us or our competitors;
- actual or perceived breaches of, or failures relating to, privacy, data protection or data security;
- new laws or regulations, including new interpretations of existing laws or regulations applicable to our business, increased enforcement efforts in our industry, or specific enforcement actions against us;
- actual or anticipated changes in our management or our board of directors;
- general economic conditions and slow or negative growth of our target markets; and
- other events or factors, including those resulting from war such as the current conflicts in Israel and Ukraine, incidents of terrorism or responses to these events.

Furthermore, the stock market has experienced extreme volatility that in some cases has been unrelated or disproportionate to the operating performance of particular companies. These and other factors may cause the market price and demand for our ordinary shares to fluctuate substantially, which may limit or prevent investors from readily selling their shares and may otherwise negatively affect the liquidity of our ordinary shares. In addition, in the past, when the market price of a company's shares has been volatile, holders of those shares have sometimes instituted securities class action litigation against the company that issued the shares. If any of our shareholders were to bring a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

We have experienced, and expect to continue to experience, quarterly fluctuations in our results of operations.

Our results of operations have fluctuated from quarter to quarter in the past and may continue to vary significantly in the future so that period-to-period comparisons of our results of operations may not be meaningful. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control and may be difficult to predict. Accordingly, our financial results in any one quarter should not be relied upon as indicative of future performance. Factors that may cause fluctuations in our quarterly financial results include, but are not limited to:

- the level of demand for our integrated POS devices;
- our ability to grow or maintain our retention rates, expand usage within our customer base, and sell our solutions to existing and future customers;
- geopolitical uncertainty, including as a result of the current conflicts in Israel and Ukraine, tensions between U.S. and China, and uncertainty as to regional economic conditions;

- costs and timing of expenses related to hiring additional personnel, technologies or intellectual property, including potentially significant amortization costs and possible write-downs;
- the impact of market volatility and economic downturns caused by natural disasters and health epidemics, such as the COVID-19 pandemic;
- supply chain constraints and increases in component prices;
- the timing and success of new features, integrations, capabilities and enhancements by us to our platform or by our competitors to their products or any other change in the competitive landscape of our market;
- errors in our forecasting of the demand for our products, which could lead to lower revenue, increased costs or both;
- the amount and timing of operating expenses and capital expenditures that we may incur to maintain and expand our business and operations and to remain competitive;
- security breaches, technical difficulties, disruptions or outages on our platform resulting in service level agreement credits;
- changes in the legislative or regulatory environment;
- legal and regulatory compliance costs in new and existing markets;
- pricing pressure as a result of competition or otherwise; and
- fluctuations in foreign currency exchange rates.

You may be diluted by the future public issuance of additional ordinary shares or by grants of options or RSUs in connection with our equity incentive plans, acquisitions or otherwise.

As of December 31, 2024, we had registered share capital of 70,000,000 ordinary shares with 36,607,407 ordinary shares outstanding. We may choose in the future to adopt new equity based compensation plans for our officers, directors and employees or may choose to raise substantial equity capital from investors for a variety of reasons, including for the acquisition of new businesses, to invest in new products and technologies or to meet other working capital or corporate requirements. For example, in March 2024, we completed an underwritten public offering that included our issuance and sale of 2,600,000 ordinary shares. Consideration for the April 2024 acquisition of VMT included an earn-out in the amount of up to approximately \$5.3 million payable primarily in our ordinary shares and consideration for the April 2024 acquisition of Roseman Engineering included 19,722 of our ordinary shares. Any future issuance of any additional ordinary shares or securities that are exercisable for or convertible into our ordinary shares will have a dilutive effect on our shareholders by reducing the percentage ownership of our then-existing shareholders, and these new securities may have rights, preferences or privileges senior to those of our existing securities. In addition, as of December 31, 2024, options to purchase 2,075,326 million of our ordinary shares were outstanding as well as 418,684 RSUs. See “Item 6. Directors, Senior Management and Employees—B. Compensation—Share Option Plans.” Any additional options or RSUs that we grant under our equity incentive plans would dilute the percentage ownership held by current shareholders.

If our existing shareholders sell ordinary shares, the market price of our ordinary shares could decline.

The sale of substantial amounts of our ordinary shares in the public market, or the perception that such sales could occur, could harm the prevailing market price of our ordinary shares on Nasdaq or the TASE. These sales, or the perception that these sales could occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. All of our outstanding shares are freely tradable without restriction or further registration under the Securities Act of 1933, as amended (the “Securities Act”), except that any shares held by our affiliates may be sold only in transactions registered under the Securities Act or in compliance with Rule 144 or another applicable exemption under the Securities Act.

In March 2024, we completed an underwritten public offering that included, in part, the offer and sale of a total of 1,000,000 ordinary shares held by Yair Nechmad, our Chief Executive Officer and Chairman of our board of directors, David Ben-Avi, our Chief Technology Officer and a member of our board of directors, and Amir Nechmad, a former member of our board of directors. Such selling shareholders have made from time to time additional sales of shares and may continue to do so in the future, and they will receive the proceeds from such sales. We have also filed a registration statement on Form S-8 under the Securities Act to register our ordinary shares or securities convertible into or exchangeable for our ordinary shares issued pursuant to our equity incentive plans. The ordinary shares registered under the Form S-8, or any registration statements on Form S-8 that we file in the future, will be available for sale in the open market subject to vesting arrangements and exercise of options and, in the case of our affiliates, subject to compliance with applicable requirements of Rule 144 or another applicable exemption under the Securities Act.

As any applicable restrictions on resale end, the market price of our ordinary shares could drop significantly if our affiliates sell their shares or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our ordinary shares or other securities.

We do not anticipate paying dividends on our ordinary shares in the foreseeable future. As a result, your ability to achieve a return on your investment will depend on appreciation in the price of our ordinary shares.

We have never declared or paid any cash dividends on our ordinary shares and do not anticipate paying any cash dividends on our ordinary shares in the foreseeable future. We anticipate that we will retain all of our available funds and any future earnings for use in the operation and expansion of our business and the repayment of outstanding debt. Any future determination as to the payment of cash dividends will be at the discretion of our board of directors and will depend on, among other things, our business prospects, financial condition, results of operations, current and anticipated cash needs and availability, industry trends and other factors that our board of directors may consider to be relevant. In addition, Israeli law imposes restrictions on our ability to declare and pay dividends. Our ability to pay cash dividends on our ordinary shares in the future may also be limited by the terms of any preferred securities we may issue or financial and other covenants in any instruments or agreements governing any additional indebtedness we may incur in the future. Consequently, investors who purchase ordinary shares may be unable to realize a return on their investment except by selling such shares after price appreciation, which may never occur. Our inability or decision not to pay dividends, particularly when others in our industry have elected to do so, could also adversely affect the market price of our ordinary shares.

Our ordinary shares trade on different markets and this may result in price variations.

Our ordinary shares have traded on the TASE since May 2021 and on Nasdaq since September 2022. Trading in our ordinary shares on these markets is conducted in different currencies (NIS on the TASE and U.S. dollars on Nasdaq) and takes place at different times (resulting from different time zones, different trading days and different public holidays in Israel and the United States). The trading prices of our ordinary shares on these two markets may differ due to these and other factors. Any decrease in the price of our ordinary shares on one of these markets could cause a decrease in the trading price of our ordinary shares on the other market. In addition, market conditions in either market may affect the price of our ordinary shares on the other. Investors could seek to sell or buy our ordinary shares to take advantage of any price differences between the markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in the trading price of our ordinary shares.

Our management has devoted, and continues to devote, substantial time to new compliance initiatives as well as to compliance with ongoing U.S. and Israeli reporting requirements.

As a public company in the United States, we have incurred and will continue to incur additional significant accounting, legal and other expenses that we were not subject to before the listing of our ordinary shares on Nasdaq in September 2022, including costs associated with complying with the requirements under Section 404 and other provisions of the U.S. Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”). We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time consuming and costly. The implementation and testing of new compliance processes and systems may require us to hire outside consultants and incur other significant costs. In addition, any future changes in the laws and regulations affecting public companies in the United States and Israel, including Section 404 and other provisions of the Sarbanes-Oxley Act, the rules and regulations adopted by the SEC and Nasdaq, as well as applicable Israeli reporting requirements, could result in increased costs to us as we respond to such changes.

We are an “emerging growth company” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our ordinary shares less attractive to investors.

For so long as we remain an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), we may take advantage of certain exemptions from various requirements that are applicable to public companies that are not “emerging growth companies.” These provisions include, among other exemptions, that:

- we are not required to engage an auditor to report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;

- we are not required to comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis); and
- we are not required to disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation.

We may take advantage of these exemptions until such time that we are no longer an emerging growth company. We will cease to be an emerging growth company upon the earliest to occur of (i) the last day of the fiscal year in which we have \$1.24 billion or more in annual revenue; (ii) the last day of the fiscal year in which we qualify as a "large accelerated filer"; (iii) the date on which we have, during the previous three-year period, issued more than \$1.0 billion of non-convertible debt; or (iv) the last day of the fiscal year in which the fifth anniversary of the completion of our first sale of common equity securities pursuant to an effective registration statement under the Securities Act. We have elected to take advantage of certain of the reduced reporting and other obligations, as described more fully elsewhere in this annual report, and intend to take advantage of reduced reporting requirements in the future for so long as we are able to do so.

We cannot predict if investors will find our ordinary shares less attractive because we may rely on these exemptions. If some investors find our ordinary shares less attractive as a result, there may be a less active trading market for our ordinary shares and our share price may decline or be more volatile.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight, as well as outside consultants. If any of these controls and systems do not perform as expected, we may experience material weaknesses in our controls.

In addition to our results determined in accordance with IFRS, we believe certain non-IFRS financial measures and key operating and financial metrics may be useful in evaluating our operating performance. We present certain non-IFRS financial measures and key operating and financial metrics in this annual report and intend to continue to present certain non-IFRS financial measures and key operating and financial metrics in future filings with the SEC and other public statements. Any failure to accurately report and present our non-IFRS financial measures and key operating and financial metrics could cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our ordinary shares.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business, as a result of our growth and expansion, changes to or additions of new products or otherwise. Further, material weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls could cause us to fail to meet our reporting obligations and may result in a restatement of our consolidated financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations that we are required to include in our annual reports that we file with the SEC as well as annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will be required to include in our annual reports after we lose our status as an "emerging growth company." Ineffective disclosure controls and procedures and internal control over financial reporting could cause investors to lose confidence in our reported financial and other information and we could become subject to investigations by the SEC or other regulatory authorities, which could have a material negative effect on the trading price of our ordinary shares. In addition, if we are unable to continue to meet these requirements, our ordinary shares may not be able to remain listed on Nasdaq.

We are required to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting pursuant to Section 404(a) of the Sarbanes-Oxley Act in our annual reports. This assessment must include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Testing and maintaining internal controls may divert our management's attention from other matters that are important to our business. Despite our efforts, there is a risk that we will not be able to conclude that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. Additionally, when we are no longer an "emerging growth company," our independent registered public accounting firm will be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating.

Any failure to maintain effective disclosure controls and internal control over financial reporting could adversely affect our business, financial condition and results of operations and could cause a decline in the price of our ordinary shares.

As a foreign private issuer, we are permitted to follow certain home country corporate governance practices instead of applicable SEC and Nasdaq requirements, which may result in less protection than is afforded to investors under rules applicable to domestic issuers.

As a foreign private issuer, we are permitted to follow certain home country corporate governance practices instead of those otherwise required by Nasdaq for domestic issuers. For instance, instead of Nasdaq rules applicable to domestic issuers, we follow home country practices in Israel with respect to nominating directors to our board of directors and quorum requirements for general meetings of shareholders. In addition, we follow our home country law, instead of Nasdaq rules applicable to domestic issuers, which would require that we obtain shareholder approval for certain dilutive events, such as an issuance that will result in a change of control of our Company, certain transactions other than a public offering involving issuances of a 20% or more interest in our Company and certain acquisitions of the stock or assets of another company. Following our home country corporate governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on Nasdaq may provide less protection than is afforded to investors under Nasdaq rules applicable to domestic issuers. See "Item 16G. Corporate Governance" for further information.

In addition, as a foreign private issuer, we are exempt from the rules and regulations under the Exchange Act related to the furnishing and content of proxy statements and the requirements of Regulation FD, and our directors, officers and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as domestic companies whose securities are registered under the Exchange Act.

Changes to applicable tax laws and regulations or exposure to additional income tax liabilities could affect our future business and profitability.

We are an Israeli company and thus subject to Israeli corporate income tax as well as other applicable local taxes on our operations. Our subsidiaries are subject to the tax laws applicable in their respective jurisdictions of incorporation. New local laws and policy relating to taxes, whether in Israel or in any of the jurisdictions in which our subsidiaries operate, may have an adverse effect on our future business and profitability. Further, existing applicable tax laws, tax rates, statutes, rules, regulations, treaties, administrative practices and principles, judicial decisions or ordinances could be interpreted, changed, modified or applied to us or our subsidiaries in a manner that could adversely affect our after-tax profitability and financial results, in each case, possibly with retroactive effect.

Additionally, there is also a high level of uncertainty in today's tax environment stemming from both global initiatives put forth by the Organization for Economic Co-operation and Development ("OECD"), and unilateral measures being implemented by various countries due to a lack of consensus on these global initiatives. As an example, the OECD has put forth two proposals, Pillar One and Pillar Two, that revise the existing profit allocation and nexus rules (profit allocation based on location of sales versus physical presence) and ensure a minimal level of taxation. Under the OECD framework for Pillar One as currently drafted, we do not expect to be subject to the regime. To date, more than 140 countries, including Israel and other countries in which we operate, have agreed to enact legislation on Pillar Two and to enforce a minimum global tax rate of 15%. Many countries are expected to continue to implement such legislation, and Israel is expected to do so in 2026. Under the OECD framework for Pillar Two, we do not currently expect to be subject to the regime, but we are continuing to evaluate the potential impact on future periods, which will depend in part on legislative adoption by individual countries. It is difficult to assess at the present time to what extent such legislation, if and when finally adopted, might adversely impact our effective tax rate in the future.

Further, unilateral measures, such as digital services tax and corresponding tariffs in response to such measures, are creating additional uncertainty. If an expanded version of the Pillar One initiatives or these unilateral measures are implemented, they may negatively impact our financial condition, tax liability and results of operations and could increase our administrative costs.

Our tax obligations may change or fluctuate, become significantly more complex or become subject to greater risk of examination by taxing authorities, including as a result of plans to expand our business operations, including to jurisdictions in which tax laws may not be favorable, any of which could adversely affect our after-tax profitability and financial results.

We currently operate in several jurisdictions in addition to Israel, such as the United States. In the event that our business expands to additional jurisdictions, our effective tax rates may fluctuate widely in the future. Future effective tax rates could be affected by operating losses in jurisdictions where no tax benefit can be recorded under IFRS, changes in deferred tax assets and liabilities, or changes in tax laws. Factors that could materially affect our future effective tax rates include, but are not limited to: (i) changes in tax laws or the regulatory environment, (ii) changes in accounting and tax standards or practices, (iii) changes in the composition of operating income by tax jurisdiction and (iv) pre-tax operating results of our business.

Outcomes from audits or examinations by taxing authorities could have an adverse effect on our after-tax profitability and financial condition. Additionally, the Israel Tax Authority ("ITA") and several foreign tax authorities have increasingly focused attention on intercompany transfer pricing with respect to sales of products and services and the use of intangibles. Tax authorities could disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. If we do not prevail in any such disagreements, our profitability may be affected.

There can be no assurance that we will not be a passive foreign investment company ("PFIC") for the current or any future year, which could result in adverse U.S. federal income tax consequences to U.S. investors in our ordinary shares.

In general, a non-U.S. corporation will be a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the value of its assets (generally determined on a quarterly average basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes interest, rents, dividends, certain gains and royalties (other than certain royalties derived in the active conduct of a trade or business). Goodwill is generally characterized as a non-passive or passive asset based on the nature of the income produced in the activities to which the goodwill relates. Cash is generally a passive asset.

Based on the manner in which we currently operate our business, the current and expected composition of our income and assets and the estimated value of our assets (including the value of our estimated goodwill, which is based on the price of our ordinary shares), we do not believe that we were a PFIC for the taxable year ended December 31, 2024. However, a company's PFIC status is an annual determination that can be made only after the end of each taxable year, and our PFIC status for each taxable year will depend on the composition of our income and assets and the value of our assets from time to time, including estimated goodwill (which may be determined by reference to the market value of our ordinary shares, which may be volatile). Our PFIC status is subject to uncertainties. We may be or become a PFIC if our market capitalization declines.

Further, we may hold less than 25% minority stakes in other entities, which will generally be treated as passive for purposes of the PFIC rules. Therefore, we may be a PFIC if the value of any such minority stakes becomes substantial. Moreover, we may become a PFIC if we expand our business to include financing or similar transactions that may generate passive income. Accordingly, we cannot assure you that we will not be a PFIC for any taxable year. If we were a PFIC for any taxable year during which a U.S. taxpayer held our ordinary shares, the U.S. taxpayer generally would be subject to adverse U.S. federal income tax consequences, including increased tax liability on disposition gains and certain distributions and additional reporting requirements. See “Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Consequences—Passive Foreign Investment Company Rules.”

Our amended and restated articles of association provide that, unless we consent to an alternate forum, the federal district courts of the United States shall be the exclusive forum of resolution of any claims arising under the Securities Act.

Our amended and restated articles of association provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the sole and exclusive forum for any claim asserting a cause of action arising under the Securities Act.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both U.S. state and federal courts have jurisdiction to entertain such claims. This choice of forum provision may limit a shareholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees and may increase the costs associated with such lawsuits, which may discourage such lawsuits against us and our directors, officers and employees.

Alternatively, if a court were to find these provisions of our amended and restated articles of association inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition. Any person or entity purchasing or otherwise acquiring any interest in our share capital shall be deemed to have notice of and to have consented to the choice of forum provisions of our amended and restated articles of association described above, provided, however, that nothing in this provision constitutes any waiver of compliance with U.S. federal securities laws and the rules and regulations thereunder. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction, and nothing in this provision constitutes any waiver of compliance with the U.S. federal securities laws and the rules and regulations thereunder.

Risks Related to our Operations and Incorporation in Israel

Israel is currently at war, and the duration, scope and effects of the war are unknown.

We are an Israeli company and many of our employees, including our founders and a majority of our management team, are Israeli residents. Our headquarters in Herzliya, our research and development facilities and a large portion of our operations are located in Israel. In addition, one contract manufacturer, from which we derive a substantial portion of our goods, is situated in Israel.

On October 7, 2023, Hamas terrorists infiltrated Israel’s southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on Israeli targets. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers. Following the attack, Israel’s government declared war against Hamas. Other terrorist organizations and military forces such as Hezbollah in Lebanon on Israel’s northern border, various rebel militia groups in Syria and Iraq, and the Islamic Republic of Iran have launched attacks on Israel, prompting Israeli air defenses and various rounds of retaliatory strikes. In addition, the Houthi movement, which controls parts of Yemen, has launched several missile and drone attacks on Israel and has targeted dozens of merchant vessels in the Gulf of Aden and Red Sea. These actions have prompted airstrikes on Houthi military targets in Yemen by Israel and separately by a U.S.-led coalition of nations. In October 2024, Israel began ground operations against Hezbollah in Lebanon, culminating in a 60-day cease fire agreed to between Israel and Lebanon on November 27, 2024, the results of which are uncertain. The attacks on Israel are ongoing and could escalate in the future into a larger regional conflict. There is no certainty as to the duration, severity, results or implications of the war on the State of Israel generally or on our company.

The war currently affects and may continue to affect our operations and financial results in several ways, including:

- **Human Resources:** nearly 10% of our Israeli employees and managers were initially called to active reserve duty; it is possible that the war will require additional reserve duty call-ups and more of our employees and managers or their family members will be called to active reserve duty, which would prevent them from working or effectively performing their tasks for us.

- **Macro-economic effects:** the war has led, and may continue to lead, to negative domestic macro-economic effects in Israel that could materially impact our business and operations, such as inflation, depreciation of the Shekel, bearish capital markets, reduced availability of credit and financing sources and decline in growth.
- **Trade curtailment:** the war may lead to interruptions and curtailment of trade between Israel and its trading partners, which could result in reductions in the demand for our offerings or disruptions in the supply of components required for our products. Certain countries and organizations may impose trade or other trade or financial sanctions on Israel, which could impact our ability to conduct our business.
- **Shipping costs:** the global shipping industry is experiencing disruptions due to various factors, including the rerouting of shipping away from the Suez Canal due to attacks by Houthi militants from Yemen on commercial shipping vessels in the Gulf of Aden and the Red Sea, which has caused a substantial increase in rates for some shipping routes. This and other factors have caused a worldwide increase in shipping rates, which has impacted the Company.
- **Decrease in Israeli demand:** we have noticed an immaterial decrease in demand in Israel for our products and services compared to our global demand, due to reduction in mobility and gatherings in public spaces, such as for leisure and entertainment activities during the war.
- **Concern about transacting business with Israeli companies:** we have received inquiries related to the war from customers concerned about our operations in Israel. While we do not believe that any significant orders have been withdrawn or delayed as a result of such inquiries, we cannot rule out the possibility that customers or business partners may stop doing business with us in the future, nor can we predict the impact this might have on us.
- **Damage to infrastructure:** Terror, drone and missile attacks may lead to infrastructure damage, such as to various of our facilities located in Israel, including communications networks, computer infrastructure and other cyber assets, which may lead to interruptions in our operations. Although the Israeli government may cover the reinstatement value of certain damages that are caused by terrorist attacks or acts of war, we cannot be sure that such government coverage will be available to us or, if available, will sufficiently cover our damages.
- **Reputation and international relations:** as a result of the war, public opinion in the international community towards Israel, Israeli companies and Israeli industries has deteriorated, and may be further negatively affected in the future. In January 2024 the International Court of Justice, or ICJ, issued an interim ruling in a case filed by South Africa against Israel alleging genocide amid and in connection with the war in Gaza. On November 21, 2024, the International Criminal Court, or ICC, issued arrest warrants to Israeli Prime Minister Benjamin Netanyahu and former Israeli Minister of Defense Yoav Gallant based on allegations of war crimes including using starvation as a method of warfare, murder and other inhumane acts. It is hard to anticipate if and how such sentiments and other political developments will impact our clients, backlog of orders or financial results; however, it is possible that a limited number of customers will hold, delay or cancel existing or future orders as a result of the war and a shift in international relations and politics.

The ongoing war is rapidly evolving and could continue to disrupt our business and operations and affect our financial results in material ways not discussed above, or to a degree that is not currently anticipated by us.

The impact of inflation and interest rate hikes could negatively affect our business, industry and customer base.

Our own costs, including labor, hardware, services, technology providers and other variable expenses, could be severely impacted by widespread inflation or significant interest rate hikes. Our customer base includes many small businesses, some of which operate on tight margins. Our customers may not successfully navigate a rising cost environment, causing collection issues or bankruptcies. Inflation or interest rate hikes could seriously erode the discretionary buying decisions of consumers, impacting size of purchases or volumes at our automated self-service platforms.

Rising interest rates could also impact the Company's future borrowing costs. During 2024, various rating agencies lowered Israel's credit rating, due in part to the effects of the ongoing war: Moody's downgraded Israel's credit ratings twice, in February from 'A1' to 'A2' and then in September from 'A2' to 'Baa1'; FitchRatings downgraded Israel's credit ratings in August from 'A+' to 'A,' with a negative outlook; and S&P Global Ratings in October lowered Israel's credit ratings from 'A+' to 'A,' with a negative outlook. Due to the increased credit risk, businesses, including ours, will likely be charged higher interest on borrowing activity and general inflation rates will remain higher than they otherwise would be.

We rely on access to the Israeli financial institutions as a significant source of financing for our business. As of December 31, 2024, we have utilized outstanding credit facilities from Israeli banks in the aggregate amount of approximately \$25.3 million. If interest rates and inflation increase for any reason, this would increase our future borrowing and other costs, negatively affecting our financial results.

It may be difficult to enforce a U.S. judgment against us and our directors and executive officers named in this annual report, in Israel or the United States, or to serve process on our directors and executive officers.

Most of our directors or officers are not residents of the United States, and most of their and our assets are located outside the United States. Service of process upon us or our non-U.S. resident directors and officers and enforcement of judgments obtained in the United States against us, or our non-U.S. directors and officers, may be difficult to obtain within the United States. We have been informed by our legal counsel in Israel that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws against us or our non-U.S. officers and directors reasoning that Israel is not the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure may also be governed by Israeli law. There is little binding case law in Israel addressing these matters. Additionally, Israeli courts might not enforce judgments rendered outside Israel, which may make it difficult to collect on judgments rendered against us or our non-U.S. officers and directors.

Our amended and restated articles of association provide that, unless we consent otherwise, the competent courts of Tel Aviv, Israel will be the sole and exclusive forum for substantially all disputes between our company and our shareholders under the Israeli Companies Law and the Israeli Securities Law, which could limit our shareholders' ability to bring claims and proceedings against, as well as obtain a favorable judicial forum for disputes with, us and our directors, officers and other employees.

Our amended and restated articles of association provide that, unless we consent in writing to the selection of an alternative forum, the competent courts in Tel Aviv, Israel will be the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our shareholders or any action asserting a claim arising pursuant to any provision of the Israeli Companies Law, 5759-1999 (the "Companies Law") or the Israeli Securities Law, 5728-1968 (the "Israeli Securities Law"). Such exclusive forum provision in our amended and restated articles of association does not relieve us of our duties to comply with U.S. federal securities laws and the rules and regulations thereunder, and our shareholders will not be deemed to have waived our compliance with these laws, rules and regulations. This exclusive forum provision may limit a shareholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors or other employees which may discourage lawsuits against us, our directors, officers and employees.

Your rights and responsibilities as our shareholder will be governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.

We are incorporated under Israeli law. The rights and responsibilities of holders of our ordinary shares are governed by our amended and restated articles of association, as may be amended from time to time, and the Israeli Companies Law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S. corporations. In particular, pursuant to the Companies Law each shareholder of an Israeli company has to act in good faith and in a customary manner in exercising his, her or its rights and fulfilling his, her or its obligations toward the company and the other shareholders and to refrain from abusing his, her or its power in the company, including, among other things, in voting at the general meeting of shareholders on amendments to a company's articles of association, increases in a company's authorized share capital, mergers and certain transactions requiring shareholders' approval under the Companies Law. In addition, a controlling shareholder of an Israeli company or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or who has the power to appoint or prevent the appointment of a director or officer in the company or has other powers toward the company has a duty of fairness toward the company. Israeli law does not define the substance of this duty of fairness, and there is little case law available to assist in understanding the implications of these provisions that govern shareholder behavior.

The tax benefits that are available to us require us to continue to meet various conditions and may be terminated or reduced in the future, which could increase our costs and taxes.

We are currently eligible for certain tax benefits provided to a “Preferred Technological Enterprise” under the Israeli Law for the Encouragement of Capital Investments, 5719-1959, generally referred to as the “Investment Law.” In order to remain eligible for such tax benefits for a “Preferred Technological Enterprise,” we must continue to meet certain conditions stipulated in the Investment Law and its regulations, as amended. If these tax benefits are reduced, cancelled or discontinued, our Israeli taxable income from the Preferred Technological Enterprise would be subject to different Israeli corporate tax rates. Additionally, if we increase our activities outside of Israel through acquisitions, for example, our expanded activities may not be eligible for inclusion in future Israeli tax benefit programs. See “Item 10. Additional Information—E. Taxation—Israeli Tax Considerations—Law for the Encouragement of Capital Investments, 5719-1959.”

We may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and adversely affect our business.

A significant portion of our intellectual property has been developed by our employees in the course of their employment with us. Under the Israeli Patents Law, 5727-1967 (the “Patents Law”), inventions conceived by an employee in the course and as a result of or arising from his or her employment are considered to be “service inventions,” which belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. The Patents Law also provides that if there is no agreement between an employer and an employee, the Compensation and Royalties Committee in the Israel Ministry of Justice (the “Committee”), a body constituted under the Patents Law, has the authority to determine whether the employee is entitled to remuneration for his or her service inventions and the scope of such remuneration. The Committee has not determined one specific formula for calculating the remuneration that might be due the employee but rather uses the criteria specified in the Patents Law. Israeli case law clarifies that there is no vested right to receive remuneration for “service inventions”, and in any event this can be waived by the employee. Although we enter into assignment-of-invention agreements with our employees pursuant to which such individuals waive any right they may have to remuneration for service inventions, we may face claims demanding remuneration in respect of assigned inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current and/or former employees (subject to the statute of limitations), or be forced to litigate such claims, which could negatively affect our business.

Provisions of Israeli law, in our amended and restated articles of association and in certain of our agreements and licenses may delay, prevent or make undesirable an acquisition of all or a significant portion of our shares or assets.

Provisions of Israeli law, in our amended and restated articles of association, and certain of our agreements and licenses, could have the effect of delaying or preventing a change in control and may make it more difficult for a third party to acquire us or our shareholders to elect individuals to our board of directors, even if doing so would be considered to be beneficial by some of our shareholders, and may limit the price that investors may be willing to pay in the future for our ordinary shares. Among other things:

- the Companies Law regulates the methods and processes by which mergers may be consummated and requires tender offers to be effected for acquisitions of shares above specified thresholds in a company;
- the Companies Law requires special approvals for certain transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions;
- the Companies Law does not provide for shareholder action by written consent for public companies, thereby requiring all shareholder actions to be taken at a general meeting of shareholders;
- our amended and restated articles of association provide that director vacancies may be filled by our board of directors;
- our amended and restated articles of association require a vote of the holders of our outstanding ordinary shares entitled to vote present and voting on the subject matter at a general meeting of shareholders for the removal of directors (other than external directors regarding whom special rules apply);
- We have undertaken in certain of our financing agreements not to have a change-of-control without the lender’s approval; and
- Some of our European licenses may be cancelled or suspended, or we may be subject to other sanctions for breaches of such licenses, if holders of our shares cross certain prescribed ownership thresholds without the prior approvals of the relevant regulators.

Further, Israeli tax considerations may make potential transactions undesirable to us or to some of our shareholders whose country of residence does not have a tax treaty with Israel granting tax relief to such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of numerous conditions, including a holding period of two years from the date of the transaction during which certain sales and dispositions of shares of the participating companies are restricted. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if the shares have not been disposed.

General Risk Factors

We may need additional capital, and a failure by us to raise additional capital on terms favorable to us, or at all, could limit our ability to grow our business and develop or enhance our solutions to respond to market demand or competitive challenges.

In the future, we may require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain additional credit facilities. The sale of additional equity securities could result in dilution to our shareholders. The incurrence of indebtedness would result in debt service obligations and could require us to agree to operating and financing covenants that would restrict our operations. Our ability to obtain additional capital on acceptable terms or at all is subject to a variety of uncertainties, including, investors' perception of, and demand for, securities of peer companies; conditions of the United States, Israeli and other capital markets in which we may seek to raise funds; our future results of operations and financial condition and cash flows; government regulation of foreign investment in our industry; economic, political and other conditions; and government policies concerning external commercial borrowings.

If industry or financial analysts do not publish research or reports about our business, or if they issue inaccurate or unfavorable research regarding our ordinary shares, the market price and trading volume of our ordinary shares could decline.

The trading market for our ordinary shares is influenced by the research and reports that industry or financial analysts publish about us and our business. We do not control these analysts, or the content and opinions included in their reports. As a relatively new public company, we may be slow to attract research coverage and the analysts who publish information about our ordinary shares will have had relatively little experience with our company, which could affect their ability to accurately forecast our results and make it more likely that we fail to meet their estimates. In the event that any of the analysts who cover us issues an inaccurate or unfavorable opinion regarding our company, the market price of our ordinary shares would likely decline. In addition, the share prices of many companies in the technology industry have declined significantly after those companies have failed to meet, or significantly exceed, the financial guidance they have publicly announced or the expectations of analysts and investors. If our financial results fail to meet, or significantly exceed, our announced guidance or the expectations of analysts or investors, analysts could downgrade our ordinary shares or publish unfavorable research about us. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, our visibility in the financial markets could decrease, which in turn could cause the market price or trading volume of our ordinary shares to decline.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

We are subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to provide reasonable assurance that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of such controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our ordinary shares.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as discussed in “Item 5. Operating and Financial Review and Prospects—E. Critical Accounting Estimates,” the results of which form the basis for making judgments about revenue recognition that are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our ordinary shares.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We were incorporated in Israel in January 2005 under the name Cernkot Ltd., and changed our name to Nayax Ltd. in May 2005. Our principal executive offices are located at 3 Arik Einstein St., Building B, 1st Floor, Herzliya 4659071, Israel. Our telephone number at this address is +972 3 7694360.

Investors should contact us for any inquiries through the address and telephone number of our principal executive office. Our principal website is www.nayax.com. The information contained on our website is not a part of this annual report.

Our agent for service of process in the United States and North American office is Nayax LLC, located at Executive Plaza 1, 11350 McCormick Road, Suite 1004, Hunt Valley, Maryland 21031.

Selected Recent Developments

In March 2025, the Company purchased UpPay Servicos De Tecnologia Da Infamramcao S.A., a provider of a seamless solution of payments and telemetry located in Brazil, for BRL 32.75 million, which includes up to BRL 2.75 million as an earnout. In addition, the Company also acquired additional shares in Tigapo Ltd. (“Tigapo”), an Israeli company in which the Company had acquired a majority stake in 2021. The Company has now gained control over Tigapo. Both of these transactions have not been reflected in the Company’s financial statements appearing elsewhere in this annual report on Form 20-F.

B. Business Overview

Our Mission

Nayax is a global commerce enablement, payments and loyalty platform designed to help merchants scale their business, improve their revenue potential, and enhance their operational efficiency. Our mission is to empower merchants with tools to manage growth and engage their customers, helping them boost their bottom line and turn casual consumers into loyal advocates. Our integrated and adaptable solutions free businesses to focus on what matters—delivering exceptional service and becoming leaders in their markets.

Overview

Nayax unifies payments, operations management, and customer engagement tools into a powerful, adaptable platform for modern commerce. Our solutions empower businesses to enhance customer experience, accept cashless payments, and manage their operations with a robust ‘Internet of Things’, or IoT, software platform, helping achieve long-term growth. Nayax serves a global network of merchants, ranging from small operators to global enterprises in industries like vending, electric vehicle (“EV”) charging, parking, amusements, ticketing machines, laundromats, car washes, arcades, and attended retail. As of December 31, 2024, 2023 and 2022, we served approximately 95,000, 72,000 and 47,000 customers, respectively, in more than 120 countries across all continents, supporting 35 languages, more than 50 currencies and more than 80 payment methods.

Nayax's platform rests upon four pillars: advanced POS devices, a robust management software suite unique per the needs of each business, integrated loyalty and marketing tools, and versatile payment services. IoT-powered POS devices support real-time telemetry, remote configurations, and a wide range of payment methods, with effortless installation in the automated self-service, electric vehicle chargers and attended retail environments. Comprehensive management tools enable remote oversight of devices, real-time inventory tracking, employee activity monitoring, and detailed reconciliation reporting, while features like route planning and smart resupply scheduling streamline multi-site logistics. Customizable loyalty programs allow businesses to reward consumers with exclusive perks like top-up bonuses, personalized product suggestions, and gift coupons, while in-depth performance metrics measure campaign effectiveness and ROI. Seamless and secure payment processing across borders, currencies, and methods unifies our platform, enabling businesses to thrive in a diverse yet highly connected global market.

Since our founding in 2005, we have experienced consistent, robust growth, with revenue accelerating in recent years alongside an expanding installed base. Managed and connected devices grew from 725,000 in fiscal year 2022 to 1,044,000 in 2023 and 1,260,000 in 2024, achieving a compound annual growth rate, or CAGR, of 32%. Total revenue increased from \$235 million in the fiscal year ended December 31, 2023 to \$314 million in 2024, reflecting a CAGR of 33%. Gross profit also rose, climbing from \$88.3 million in 2023 to \$141.5 million in 2024, representing a CAGR of 60%. Loss for the period improved over the same period, narrowing to \$5.6 million in 2024 from \$15.9 million in 2023 and \$37.5 million in 2022.

Our Industry

We see significant untapped potential in cashless payment in both automated self-service commerce and attended retail payment solutions, influenced by the following trends:

Digitization of Payments

We believe that digital payments are redefining the global economy, replacing cash and unlocking new growth opportunities for players in the automated self-service and attended retail industries. Momentum towards a cashless economy is building as digital payment systems expand and consumer preferences evolve, affecting almost every category and reflecting a broader transformation in how transactions are conducted.

We expect cashless payment solutions to continue gaining market share, driven by increased adoption of card-based, mobile, and digital payment options. We believe that the growing shift from cash to digital payments will reshape payment infrastructure by fueling demand for automated self-service commerce and cashless machines like those we offer.

Shifting Consumer Behavior

Consumers are increasingly drawn to cashless automated self-service commerce, appreciating its faster checkouts, reduced interaction, and shorter lines. COVID-19 highlighted the hygiene benefits of minimizing contact during transactions, further boosting demand for these efficient and private solutions. We believe that cashless and unattended payment technologies are a win-win for consumers and businesses, who both benefit from their additional speed, security, and convenience.

Increased Penetration of Cashless Payments

Retailers have increasingly begun to embrace digital payment technologies to meet consumer expectations, deliver operational efficiencies, increase their margins, and mitigate the impacts of labor shortages, creating significant opportunities for advanced payment technology providers like Nayax to retrofit the large base of automated self-service retail machines that still lack digital payment capabilities.

Rise of Smart POS Devices

Retailers are increasingly adopting smart POS devices powered by integrated software to simplify their operations and process digital payments, creating additional opportunities for solution providers who integrate hardware and software into a single solution, like Nayax.

Proliferation of Omni-Channel Commerce

Consumers now demand a seamless omni-channel retail experience, expecting modern, personalized, and convenient transactions across both in-store and online channels, regardless of their chosen payment method.

Limited Number of Scalable Solution Providers

With transaction volumes in automated self-service commerce increasing steadily, we believe that only a few providers can offer the full suite of integrated commerce solutions, including reliable hardware, multifunctional software, and robust payment infrastructure required to support large-scale deployments for global retailers. Platforms offering comprehensive, scalable solutions are best positioned to dominate this expanding market.

Significant Growth in the Number of Cashless Automated Self-Service Market Machines

Key verticals in the automated self-service market include food and beverage vending machines, photo booths, laundromats, amusement machines, electric vehicle charging stations, ticketing kiosks, and parking terminals. According to our third-party data, the global number of automated self-service machines in these major addressable verticals will grow at a CAGR of 5.8% from 2024 to 2029. While the total number of machines provides a long-term view of market opportunity, we believe the proportion of cashless-enabled machines is a more relevant indicator of our current addressable market. Our third-party data indicates that the cashless penetration of automated self-service machines worldwide was approximately 30.3% in 2024.

Emerging Cashless Automated Self-Service Verticals

We believe that new and emerging verticals, like electric vehicle charging stations, are experiencing even more rapid growth as more charging stations are installed. Another growing vertical is micro market solutions, which combine vending machines, shelves, and self-checkout systems to create self-service stores in spaces like offices and break rooms, offering expanded product selections and boosting revenue compared to standard vending setups.

Our Market Opportunity

Retailers frequently rely on disconnected point solutions that are expensive, inefficient, and fail to meet their operational needs. Our end-to-end technology platform addresses this gap, offering seamless digital payment acceptance alongside tools to manage operations and engage consumers. We deliver value by driving revenue growth through stronger consumer engagement and conversion, while lowering costs with optimized inventory, workforce efficiency, and real-time operational data.

Automated Self-Service Commerce

We serve the automated self-service retail market, which enables consumers to complete transactions independently through self-service machines that automate sales, payments, and service interactions. We define key verticals under the umbrella of automated self-service retail to include food and beverage vending, photo booths, laundromats, amusement and prize machines, ticketing kiosks, and parking terminals. Our industry-agnostic solutions empower operators across each of these diverse verticals—from small independent businesses to large enterprises managing extensive fleets of self-service machines—to enhance operational efficiency and customer satisfaction.

While Nayax is among the leading providers of payment services and technology for automated self-service commerce, we believe that we currently serve a small portion of the total automated self-service points of sale worldwide and still have a large market left to penetrate. We define our TAM as the total number of automated self-service devices worldwide, which we estimate based on our third-party market research to be approximately 45 million in 2024, and which we expect to grow at a 5.8% CAGR to nearly 60 million devices by 2029.

We expect to see increasing payment volumes within this segment, driven by this increase in the overall number of connected machines, increasing average transaction sizes, and greater adoption of cashless payments over time. Our annual average transaction value has risen from \$1.97 in 2023 to \$2.05 in 2024, as we penetrate high-spend verticals like micro markets, EV charging and attended retail. We have also seen across our machines a significant percentage still being processed in cash, which gives us confidence that we will continue to convert to more cashless payments at existing machines. We expect to continue growing both our network of managed and connected devices and transaction volume with the automated self-service segment, buoyed by these favorable market trends.

Attended Retail for Omnichannel SMEs

We serve the attended retail market, which includes convenience stores, quick-service restaurants, specialty retailers, hospitality businesses, and fuel stations. We offer a range of versatile and scalable POS devices for this sector, including electronic cash registers, handheld devices, mobile POS systems, and modular setups. Our industry-agnostic solutions support businesses of all sizes, from independent retailers to large multi-location enterprises.

We are poised to capture the growing demand for digital solutions in attended retail, particularly among SMEs, eager to modernize and integrate their operations. Nayax enjoys two key advantages in attended retail which we believe position us to gain market share rapidly:

Complete Payment Ecosystem: Nayax believes that we can leverage our leadership in automated self-service commerce to consolidate a durable position as an omnichannel solution provider in ecosystems where attended and self-service operations coexist, enabling businesses to manage diverse points of sale through one integrated system. Ecosystems like gas stations and large retail stores thrive with unified solutions that enhance efficiency, unify consumer experiences, and support data-driven decision-making. Positioning ourselves as a provider for these needs unlocks significant revenue potential while deepening customer partnerships.

Expertise in SME Automation: Morgan Stanley estimates that retailers could leverage automation for up to 70% of routine tasks by 2025, expanding their margins by 50 to 100 basis points. We believe that technologies like inventory management, automated POS systems, and self-checkout kiosks, which we offer, can empower retailers to redeploy staff into customer-facing roles, reduce human error, improve quality control, and increase sales.

We built our dominant position in automated self-service retail by making cutting-edge remote management and automation tools, like machine monitoring, inventory management, resupply route planning, and loyalty programs, accessible to even the smallest operators. We are similarly poised to disrupt attended retail by applying our deep expertise adapting sophisticated automation tools for SMEs to rebalance the playing field with an accessible yet advanced, comprehensive retail management platform that drives revenue, builds loyalty, and supercharges efficiency across diverse retail verticals and applications. It is expected that SMEs will spend approximately \$54 billion per year on POS solutions and products by 2026, up from \$33.3 billion in 2020. Therefore, acquiring even a small share of this expanding market would generate considerable revenue and growth opportunities for Nayax.

Energy and Fueling

We offer a comprehensive suite of solutions tailored to optimize and control every aspect of energy and fueling network operations. Our integrated platform seamlessly combines cashless POS systems, payment integration, and specialized management tools to meet the specific demands of both EV charging and traditional fueling sectors.

With the global shift toward electric mobility, and government policy tailwinds in card-present payment devices for EV chargers, we are advantageously positioned to serve this expanding market through our comprehensive energy solution. Our POS devices can integrate with any EV charger through proprietary and industry-standard protocols (including OCPP, the Open Charge Point Protocol that is the shared language spoken between open EV chargers and charging station management systems) and accept most major credit and debit cards, mobile wallets, and RFID-based transactions, ensuring a frictionless payment experience for drivers. We also empower operators to seamlessly monitor and control their charging infrastructure, manage energy distribution through smart load balancing, automate billing and clearing, and gain real-time insights into network performance with comprehensive management software.

Our solutions for fueling management are designed to enhance operational efficiency, security, and profitability for fuel station operators and fleet managers with automatic vehicle identification technology, cashless payment systems, and real-time monitoring tools to streamline refueling processes, prevent unauthorized fuel usage, and deliver comprehensive performance insights. Our scalable architecture supports diverse fueling environments, from individual fleet depots to expansive retail networks, ensuring adaptability to various operational needs.

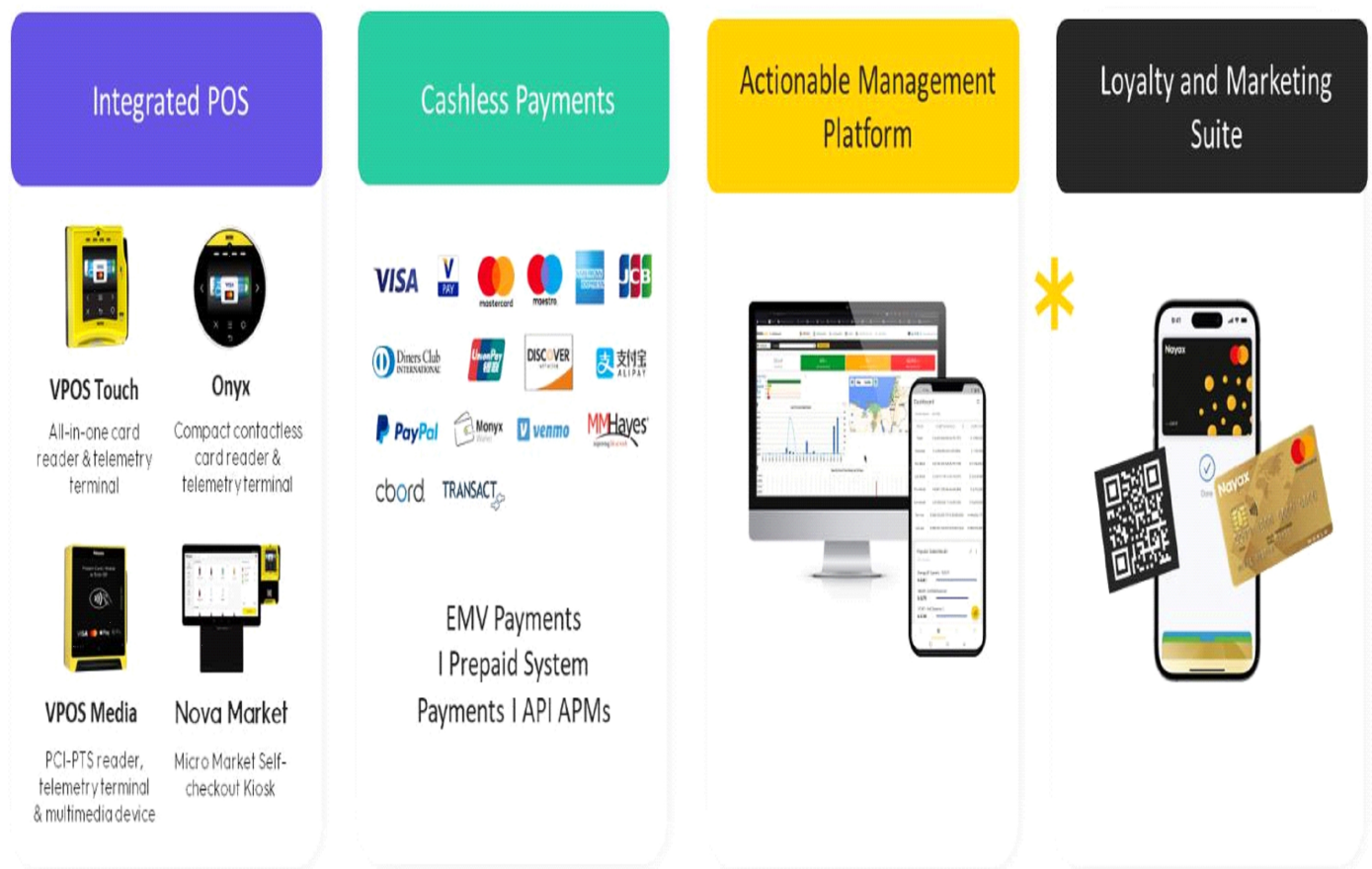
Our Platform

We have developed a comprehensive, end-to-end platform designed to meet the diverse needs of retailers, from large enterprises to SMEs. Our solutions enable customers to manage every aspect of their business, from points of sale and payment processing to business operations and consumer engagement, through a unified platform which addresses the entire commerce value chain. Our platform provides out-of-the-box loyalty experiences for retailers and consumers, advanced customer and cost analytics for actionable business insights, and APIs for seamless integration with other technological solutions, ensuring flexibility and scalability. During 2024, our platform supported, processed, or facilitated:

- \$4.87 billion of transaction value;

- approximately 2.38 billion transactions; and
- approximately 1,260,000 managed and connected devices across more than 120 countries on every inhabited continent.

Our platform includes the following solutions:



Integrated POS: Our integrated POS devices combine seamless digital payment acceptance with IoT-enabled telemetry capabilities. We design our POS hardware and software in-house to precise specifications and closely supervise the manufacturing and production process to ensure high functionality and reliability. Our devices are designed for easy installation in both new and retrofit automated self-service environments, with a seamless process that allows customers to handle orders, shipments, and installations independently, without support from a technician or Nayax employee.

Nayax offers a simplified onboarding process with a short activation cycle, allowing most customers to start processing payments right after installation. Our devices feature distinct branding and custom designs that clearly communicate cashless checkout to consumers, reducing confusion. We also now offer in-store POS and payment solutions, which retailers can combine with our automated self-service devices to offer their customers a greater diversity of ways to pay without the hassle of retaining another vendor.

Payments Suite: Our global cashless payments infrastructure empowers our business customers to accept the local payment methods their consumers prefer. Our integrated POS devices support more than 80 payment methods, including most major credit and debit cards, mobile wallets, prepaid cards, QR-based payments, and alternative options. We enable payments in approximately 50 currencies across approximately 120 countries, leveraging our broad network of partnerships with global acquirers to facilitate seamless transactions across borders and optimize revenue for our customers.

As a Payment Service Provider, we operate under a merchant-of-record model, working directly with banks and payment card networks to navigate the complex systems, rules, and requirements of the payments industry on behalf of our customers. We aggregate transactions to deliver better processing fees, a streamlined onboarding process for our customers, and instant refunds for their end-consumers.

Management Software Suite: Our management software suite serves as a central platform for retailers, delivering real-time insights to optimize their operations. Customers can oversee their network of IoT connected devices, integrate external systems via APIs, and perform key tasks, including monitoring inventory, adjusting prices, managing employees, and generating detailed business and reconciliation reports, all in one place.

- **Remote Monitoring and Administration:** Our system offers comprehensive 24/7 remote monitoring and administration, featuring real-time error detection and alerts, remote price adjustments, software updates, inventory management, promotion oversight, employee monitoring, and energy consumption control, without requiring onsite technical support or maintenance.

- **Inventory Management:** Our inventory management system empowers customers to oversee stock availability, control costs, and transfer inventory across various sites. With dynamic resupply routing, customers can streamline their supply chains, minimize waste, and cut operational costs.
- **Reporting and Analytics:** Our platform collects and synthesizes data from all Nayax POS devices a business owns, delivering real-time insights into sales, cash levels, and inventory status through automated reports, supported by powerful business intelligence tools and customizable dashboards for data-driven decision-making.
- **Product Management:** We enable customers to create and manage product catalogs with customizable parameters and offer dynamic pricing tools, including multiple price lists, currencies, and special pricing options.
- **Employee Management:** Our customers can manage roles, set permissions, and control access levels across POS devices and activities, organized by hierarchies like global offices or regions. Automated self-service retailers can also track employee visits, inventory refills, and cash collections to reduce fraud.

Loyalty and Marketing Suite: Our platform integrates sophisticated marketing and loyalty features, enabling businesses to engage their end-consumers across multiple channels. Monyx, our digital wallet app, provides consumers with remote ordering capabilities and loyalty perks, including discounts, coupons, and gifts. Businesses can also design, launch, and manage multiple marketing and loyalty campaigns. Our solutions integrate in-store POS data with online marketing analytics, enabling retailers to track and optimize the efficiency of their campaigns.

- **Loyalty:** Customers can design loyalty programs with attributes like price rules, cards, points, and wallets. Our platform simplifies campaign creation with built-in templates and provides analytic tools to track performance and strengthen brand loyalty.
- **Promotions:** Customers can set up promotions such as punch cards, discounts, cashback, bonus credit, and happy hours, which we believe helps encourage repeat visits and strengthens consumer loyalty.
- **Engagement Solutions:** We provide omni-channel marketing tools that bridge online and in-store consumer experiences, enabling businesses to target advertising, enhance engagement, maximize conversions, grow revenue, and attract returning consumers.
- **Marketing Solutions:** We empower customers to execute marketing campaigns across social media, SMS, and email channels, leveraging their own data to maximize impact and improve outcomes.

CoinBridge: CoinBridge offers a patented Loyalty-to-Payments™ platform that can seamlessly convert loyalty assets—such as points, rewards, miles, vouchers, gift cards, and other digital assets—into fiat currency spendable anywhere major payment cards are accepted worldwide. Consumers gain instant liquidity for their digital and stored-value assets, while brands benefit from increased engagement, higher redemption rates, and enhanced data insights without requiring changes to merchant infrastructure.

- **Universal Redemption Capability:** Customers can convert points, rewards, miles, vouchers, gift cards, and other digital assets into real currency, spendable at any merchant worldwide that accepts major credit cards.
- **Seamless Integration:** Brands can incorporate CoinBridge into their existing mobile applications through a straightforward Software Development Kit, requiring no changes to point-of-sale systems or merchant infrastructures.
- **Real-Time Transaction Processing:** Instant verification and approval of transactions enable customers to redeem loyalty assets effortlessly through a simple ‘Tap & Go’ experience.
- **Comprehensive Data Analytics:** CoinBridge provides brands with detailed transaction data and consumer behavior insights, enabling personalized marketing strategies, improved customer retention, and optimized business operations.
- **Enhanced Customer Engagement:** Flexible redemption options and a user-friendly payment experience increase customer satisfaction and loyalty, allowing consumers to utilize rewards in ways that align with their spending habits.
- **Secure and Compliant Infrastructure:** Operating under stringent security protocols and complying with global financial regulations, CoinBridge ensures safe and reliable transactions for both brands and consumers.

Benefits of our Platform

Our platform connects businesses with consumers through a business to business to consumer, or B2B2C, model, helping our business clients meet their complex operational needs and providing their end-consumers with simple payment solutions. We believe that our direct interface with both businesses and their end-customers strengthens our strategic importance as an indispensable operating and payment acceptance partner with superior stickiness.

Benefits of our Platform to Businesses

We leverage our expertise to innovate and address salient pain points for our business customers, simplifying complex processes and replacing outdated technologies. Key benefits of our platform for our business customers include:

- **Single, Integrated, End-to-End Platform:** We offer a comprehensive, integrated end-to-end platform that reduces the need for customers to manage multiple vendors and systems. Customers benefit from a 360-degree, omni-channel platform that centralizes reporting and operational tracking in one location.
- **Global Footprint:** Our global presence allows us to offer solutions that span multiple regions and geographies, saving our enterprise customers and SMEs from the hassle of engaging additional local providers. Our extensive network of original equipment manufacturer, or OEM, partners pre-installs our products in machines like vending machines, EV chargers, and arcade games, facilitating quick and efficient deployment across the globe. Our local offices span across large regions such as the United States, the United Kingdom, Germany, Australia, Canada, China, Brazil and Japan. We also have more than 80 distributors in multiple countries to provide local support in different languages for their local customers.
- **Increased Sales:** Our solutions provide diverse payment options, improved consumer experience, and dynamic pricing capabilities, helping our customers increase sales by responding nimbly to changing market conditions and making payments more convenient.
- **Reduced Costs:** Our solutions optimize operating costs by enabling better overhead management and employee efficiency. Remote diagnostics and software updates eliminate third-party troubleshooting, while our customer service platform improves customer experience and reduces the cost of ownership and maintenance. We streamline operations with 24/7 monitoring of connected devices, employees, and business activities, while minimizing downtime through automated issue detection and resolution.
- **Enhanced Customer Engagement:** Our platform helps businesses attract and retain consumers with data-driven marketing, branded loyalty programs, and mobile solutions. Retailers gain access to valuable consumer insights and advanced analytics, enabling them to build direct relationships and foster loyalty. Our omni-channel marketing engine allows businesses to tailor personalized recommendations and deals, while our loyalty programs track every transaction, helping consumers earn rewards with each purchase.

Benefits of our Platform to End-Consumers

Our platform is designed to simplify the purchasing process for end-consumers, offering seamless payment solutions and integrated services. Key benefits of our solutions for end-consumers include:

- **Diverse Payment Options:** Our platform provides seamless, Europay, MasterCard, and Visa-, or EMV-, certified payment processing in approximately 120 countries and approximately 50 currencies and supports more than 80 payment methods, including most major credit and debit cards, mobile wallets, prepaid cards, and QR-based payments, allowing consumers to pay using their preferred local method. Available methods vary by country and region.
- **Advanced Loyalty Benefits:** Our platform includes loyalty features such as discounts, gifts, and special offers, providing consumers with immediate rewards at checkout that enhance the purchasing experience and encourage repeat engagement.
- **Enhanced Consumer Experience:** Our platform elevates the consumer experience with features such as mobile app feedback and ratings, while our integrated solutions streamline traditionally complex processes like instant refunds for a smoother shopping journey.

Our Competitive Strengths

We believe we have a differentiated position in the market, built on the following strengths:

Comprehensive Technology Platform: Nayax delivers a proprietary, end-to-end technology platform that unifies consumer-facing and back-office operations for retail customers. Combining payment processing, telemetry, management software, loyalty programs, and integrated POS devices, our platform addresses the complex demands of modern retail. Ownership of the full commerce value chain sets us apart, enabling flexible deployments, superior support, and seamless integration into automated self-service environments, helping businesses transition to cashless models and expand their installed base.

Entrepreneurial Culture: Since 2005, our founding team has cultivated a culture rooted in entrepreneurship, teamwork, accountability, and communication, all focused on delivering superior results for customers. Our track record includes early market leadership in verticals like cashless massage chairs, novelty wash stations, and EV charging. With a strong pipeline of new developments, we are positioned to drive innovation in automated self-service retail and expand into the attended retail market.

Data-Driven Insights: Our platform processes more than six million transactions daily across more than one million connected devices, generating vast datasets from orders, receipts, and consumer interactions. We leverage this data to offer advanced analytics that help our customers optimize operations, improve efficiency, and inform product development and customer satisfaction, creating a feedback loop that strengthens our business.

Extensive and Efficient Global Distribution Channels: Our robust global go-to-market infrastructure effectively targets both large enterprise and SME customers with regional offices in key markets like the United States, Canada, the United Kingdom, Germany, Japan, China, Australia, South Africa, Brazil and Israel, distributor partnerships in more than 80 markets, more than 890 authorized global resellers, direct relationships with more than 2,450 OEMs who embed our products, and online shops for nano-merchants (<35 devices) to facilitate seamless purchasing and onboarding.

Robust Global Compliance Infrastructure: Nayax has built a strong compliance foundation in the heavily regulated global markets we serve, including a variety of essential licenses and certifications: Electronic Money Institution Licenses in Europe and the United Kingdom; financial asset and credit service licenses in Israel; Aggregator Registration in Mexico; PCI-DSS 3.2; EMVCo (level 1 and 2); FeliCa; PTCRB; FC; CE; IC; RoHS; ACMA; and ISO/IEC 27001. Expertise in regulatory compliance allows us to expand seamlessly into new markets and sustain our international growth trajectory.

White Glove Customer Service: Our approach to customer success combines tailored onboarding, ongoing support, and user-friendly product design. We foster strong, long-lasting relationships by offering short sales cycles, a consultative sales approach, and extended support hours. Since we develop and manage most elements of our end-to-end solution in-house, we have full control over product integration, technical support, and customer service, allowing us to resolve customer concerns quickly and provide high-quality support that saves time and improves customer satisfaction.

Strong, Diversified Business Model: Our business model integrates recurring SaaS and payment processing revenue with the sale of mission-critical POS devices, creating a balanced and resilient foundation. In 2024, recurring SaaS and payment processing fees contributed 71% of total revenue, while 29% came from sales of our integrated POS devices. Our integrated hardware-software platform is far stickier than standalone offerings, with high switching costs and operational reliance yielding low revenue churn of just 2.7% in 2024, 3.4% in 2023, and 3.6% in 2022. We define revenue churn as the proportion of revenue lost due to customer attrition over a 12-month period.

Plug and Play, easy to install and operate solution: With our diverse API system it is easy to connect our solution to any unattended automated machine and data platform and to pass on highly secured information from our system to a 3rd party. We offer an array of protocols to connect to any machine, with industry standards from multiple verticals to our own developed API suite.

Our Customers

As of December 31, 2024, 2023 and 2022, we served approximately 95,000, 72,000 and 47,000 customers, respectively, who together operated approximately 1,260,000 managed and connected devices across more than 120 countries, including Australia, Brazil, Canada, China, Czech Republic, Denmark, France, Germany, Israel, Italy, Japan, Mexico, the Netherlands, New Zealand, Spain, Sweden, Switzerland, the United Kingdom and the United States.

Our products serve a broad spectrum of customers, from single-location SMEs to large, global enterprises operating tens of thousands of POS devices. Consequently, we are not reliant on any single customer or market segment. Our solutions are deeply embedded in and mission-critical to our customers' operations, which is visible in our strong dollar-based net retention rate of 129% as of December 31, 2024, 144% in 2023 and 131% in 2022.

We maintain a strong presence in key markets where we have identified high immediate potential, including the United States, Canada, the United Kingdom, Germany, Japan, China, Australia, South Africa, and our home market of Israel. Over the fiscal year ended December 31, 2024, our revenue distribution was approximately 39% from the United States, 24% from Europe (excluding the United Kingdom), 12% from the United Kingdom, 9% from Australia, 6% from Israel, and 10% from other regions.

Our Competition

We define and assess our competition using several methods, including by considering the scope, type, and quality of solutions offered by similar companies in our target markets. We apply this framework to evaluate competitors in both the automated self-service and attended retail sectors.

- **Automated Self-Service:** Solutions for the automated self-service retail market vary widely, from standalone payment, telemetry, or business intelligence products to integrated offerings that combine telemetry, payments, and operational management tools. Our competitors include Cantaloupe, Inc., CPI, Ingenico, 365 Retail, traditional cash payment vendors, and many others. We believe our competitive advantage lies in providing customers around the globe with comprehensive and scalable end-to-end POS solutions, including cashless payment capabilities, remote operation and management services, and payment processing. Despite our extensive industry knowledge and experience, we recognize the strength of our competition and acknowledge that past success does not guarantee future performance.
- **Attended Retail:** Our competition includes large, established vendors and smaller startups, spanning payment processors, POS providers, and peer-to-peer payment platforms. We aim to expand our market share by cross-selling to our broad automated self-service customer base and offering integrated solutions for their attended retail operations. Our competitive edge lies in providing a unified payment ecosystem that seamlessly integrates attended and self-service commerce, enhancing efficiency and consistency across hybrid retail environments. Leveraging our expertise in SME automation, we bring advanced tools like loyalty programs, real-time monitoring, and dynamic pricing to smaller retailers, helping them expand margins and compete effectively in an increasingly tech-fueled and omnichannel retail landscape.

Our Growth Strategies

We are focused on growing and scaling our business in a rapid yet sustainable and disciplined fashion. We intend to drive significant growth by executing the following key strategies:

Retain and Grow with Existing Customers

Our current installed base is a cornerstone of revenue growth, given the critical nature of our solutions, our low churn rates, and the considerable growth potential of our existing customers. We intend to continue investing in our relationships with existing customers and grow revenue from our installed base by cross-selling and driving more transactions through our platform. Our track record of organic growth with our customers is demonstrated by our dollar-based net retention rate, which was approximately 129% as of December 31, 2024, 144% in 2023 and 131% in 2022. Our end-to-end platform positions us to expand offerings to existing customers, unlocking upselling and cross-selling opportunities. For the year ended December 31, 2024, approximately 70% of our total revenue was attributable to existing customers.

Win New Large Enterprise and SME Customers Globally

Our strategy to win new customers globally prioritizes large enterprises and SMEs, building on proven success across a range of industries and a scalable platform designed to address the distinct requirements of various verticals and segments.

- **Large Enterprise:** Our proven ability to secure large accounts spans multiple industries and regions, with notable recent wins including Café+Co, Primo Water, Canteen, FiveStar, MOL Group, Synergy Energy—Western Australia's largest energy retailer and generator—and Turkey's Düzey, part of Koç Holding.

- **SMEs:** Our automated and scalable go-to-market platform effectively reaches SMEs via digital channels, distributors, and OEM partnerships. SMEs represent a significant share of our revenue, and we view this channel as integral to our future growth strategy, driven by our strong track record in this space.

For the year ended December 31, 2024, approximately 30% of our total revenue was attributable to new customers.

Continue Pursuing Innovation

Our ability to innovate is evident in our track record of launching new products and enhancing existing solutions, such as our acquisition and development of in-store payment capabilities. We see near-term growth potential in online payment capabilities and plan to enter the broader omni-channel payments space.

Continue Pursuing Expansion to New Markets

We pursue geographic expansion through three key strategies: establishing subsidiaries in key markets, engaging distributors and resellers, and targeted acquisitions. Our global presence includes subsidiaries in 11 strategic markets—such as the United States, Canada, Australia, New Zealand, China, Japan, Israel, the United Kingdom, Germany, Lithuania, Brazil and South Africa—and distribution agreements in more than 80 countries. Over the past year, we made a significant push into Latin America with the acquisition of VMT in Brazil. We plan to expand our geographic footprint by pursuing opportunities in new markets while leveraging online sales channels to reach regions that do not require a physical presence.

Enter Emerging, High-Growth Verticals

Our strategy focuses on leveraging our platform to expand efficiently into high-growth verticals by identifying unmet needs and delivering tailored solutions that address these gaps. Our entry into the EV charging station market, for example, focused on solving critical pain points, including cashless payment capabilities and tools for operators to monitor and manage stations remotely. We identify arcade gaming machines, EV chargers, parking, and micro markets as key verticals for disruption where our technology platform can unlock significant opportunities for growth and innovation.

Cross Sell

Nayax's robust product portfolio, including retail POS and management solutions, integrated loyalty programs, and an EV payment and management suite, positions us to capitalize on cross-selling opportunities within our large existing customer base. Since many of our largest customers operate across multiple verticals and lines of business, we can leverage our existing relationships to offer them expanded, integrated solutions which span their automated self-service and attended retail needs. We believe our customers will value this offering for its ability to unify their operations, enhance efficiency, and eliminate the challenges of managing multiple vendors across different parts of their business.

We execute this cross-selling strategy by addressing entire retail ecosystems with tailored POS solutions and a unified management platform that simplifies operations and payments across all customer touchpoints. Businesses can consolidate their payment infrastructure, reduce complexity, and streamline administration through a single system that integrates multiple sales environments. For example, we allow gas stations and convenience store operators to connect and unify their POS devices for forecourt transactions, such as their automated self-service POS devices for fuel pumps, airvacs, car washes, and vending machines, with in-store checkout through a single management portal and payout. We similarly allow other complex retail ecosystems like hotels, shopping malls, and arenas to manage their diverse mix of attended retail, self-service kiosks, parking, and EV charging stations under one centralized system.

Pursue Targeted and Strategic M&A

Since 2014, Nayax has leveraged acquisitions to expand geographically, gain access to strategic technology, broaden our solution portfolio, and expand our commercial reach. Along with organic growth, we strategically pursue M&A opportunities where they align with our long-term objectives, guided by our successful track record and systematic pipeline. Our M&A strategy rests upon three pillars:

- **Geographic Expansion:** Nayax uses M&A to accelerate regional expansion, helping us enter new markets faster, acquire strategic customers, mitigate regulatory challenges, and expand our product reach. We target unattended market leaders with profitable operations, at least 10,000 connected devices, and strong growth potential. Examples include our acquisitions of a leading Brazilian technology provider for the automated self-service industry, which significantly advanced our expansion into Latin America and extended our service offerings across Brazil; and Retail Pro, a global retail POS software leader, which brought 130,000 POS licenses and a significant, global distribution network.

- **Distribution Channel Consolidation:** Nayax leverages M&A to consolidate distribution channels to secure direct access to strategic customers, reduce costs and increase efficiency in key markets, enhance operational control, and replace poorly performing distributors. We focus on unattended market leaders with profitable operations, at least 10,000 connected devices, and a core TAM of at least 500,000 devices. Examples include InOne Technology, rebranded as Nayax LLC, a North American distributor now responsible for more than 35% of Nayax's global revenue, and VendCheck, rebranded as Nayax Australia to enhance marketing, sales, and support while offering expanded solutions and innovations to the Australian market.
- **Technological Advancement:** Nayax pursues M&A to accelerate technological innovation and prowess in strategic growth verticals such as EV charging, retail kiosks, and mass transit. Acquisitions allow us to fill technology gaps, deliver value-added revenue, and integrate complementary solutions into our platform. We target market-leading or disruptive technologies that can be integrated within 12–18 months. Examples include Weezmo, which we acquired in early 2021 to enhance our portfolio of marketing tools for retailers; Tigapo, in which we acquired a majority stake in 2021 to expand our platform offering for US amusement operators; OTI, which we acquired in 2022 to strengthen our smart payment solutions for automated self-service machines; and Roseman Engineering, which we acquired in 2024 to strengthen our energy sector offerings with advanced fleet management, cloud management, and AVI (Automatic Vehicle Identification) tools.

Sales and Marketing

We rely upon a variety of direct and indirect sales channels, including local Nayax subsidiaries in 11 countries, a broad network of resellers and distributors, online direct sales, and relationships with OEMs, who integrate and embed Nayax products into their own product offerings. We have launched e-commerce websites in the U.S., Canada, the U.K., Australia, the Netherlands, France, Germany, Austria, Switzerland, Sweden and Italy, enabling new and existing customers to purchase our products directly. Plans are underway to expand these platforms to additional countries and territories in the near future.

Our marketing strategy incorporates diverse advertising channels, search engine optimization, and targeted campaigns for small and medium-sized businesses. We also engage through social media, host webinars and events, and distribute audience-tailored promotional materials, email marketing, and articles. We optimize our go-to-market channels and customer journey by tracking and analyzing customer interactions across all advertising channels, ensuring brand excellence, high customer satisfaction, and continuous improvement.

Components and Manufacturing

We view hardware sales as a strategic tool for gaining new customers, strengthening existing relationships, and driving recurring revenue growth. Our approach to hardware manufacturing and component sourcing varies based on the specific requirements of our automated self-service and attended retail use cases, as detailed below:

- **Automated Self-Service:** We design and develop our integrated POS devices and software for automated self-service customers in-house. We rely upon a limited number of manufacturing subcontractors, who purchase all necessary components and supply us with POS devices as a finished product, with certain exceptions. We place manufacturing orders as necessary to fulfill purchases by our customers, adjusting production volumes dynamically based upon our needs.
- **Attended Retail:** Nayax currently partners with four suppliers to procure standard, off-the-shelf hardware for our attended retail customers. Although we customize color schemes, branding, and packaging to reflect our marketing strategy, we do not make any major modifications to the underlying hardware to maximize scalability and reliability. We work with multiple suppliers, each specializing in different product categories, to minimize our risks from supply chain disruptions or dependency on a single source.

Since we compete with a variety of other companies for components, we are exposed to supply risks like shortages, price fluctuations, tariffs, and delivery delays. When the COVID-19 pandemic caused a global shortage of essential components for our products, we faced an increase in costs during the latter half of FY 2021 and 2022, although the situation improved considerably in 2023 and into today. We strive, however, to maintain the supply of our POS device products despite such challenges.

Technology

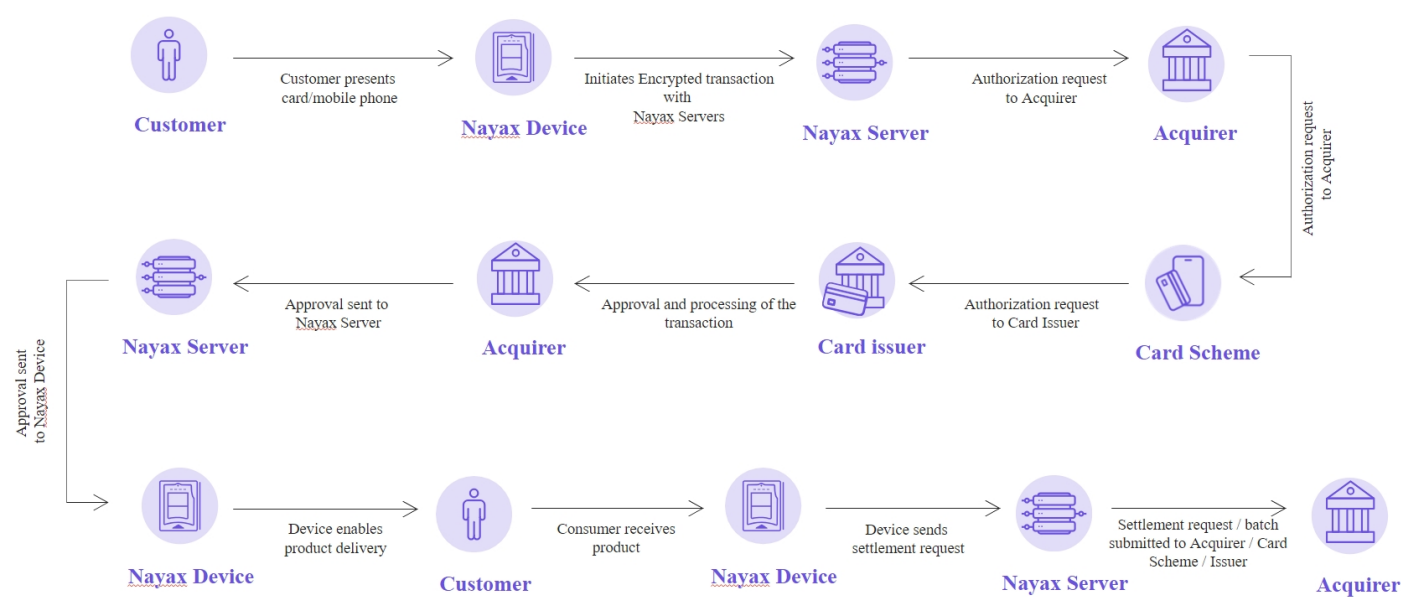
Our proprietary technology infrastructure is the foundation of our platform and business operations. We rely upon a global network of data centers and physical servers, each capable of hosting more than 100 virtual machines, to route transactions made on our devices to the proper processing channel or network. Our flexible infrastructure supports secure cashless payments with more than 80 payment methods, including most debit and credit cards, NFC- and QR-based payments, and prepaid cards. As of December 31, 2024, our infrastructure processed millions of transactions each day from more than 1,259,000 managed and connected devices, and served more than 95,000 customers via our real-time, data-driven software management platform.

Our Networks Operation Center team monitors our services 24/7, leveraging automated testing and thousands of alerts to detect and prevent potential infrastructure issues and downtime before they occur.

Our platform is built and maintained by a multidisciplinary development team of software, hardware, database administrators, DevOps, mobile developers and other IT experts. Our agile approach to product development fosters innovation and facilitates swift and frequent releases of new products and updates. Collaboration is central to our in-house development process, allowing us to deliver impactful and functional updates quickly and accelerate timelines based on customer urgency.

The following diagram depicts a standard transaction flow, which is central to our business operations:

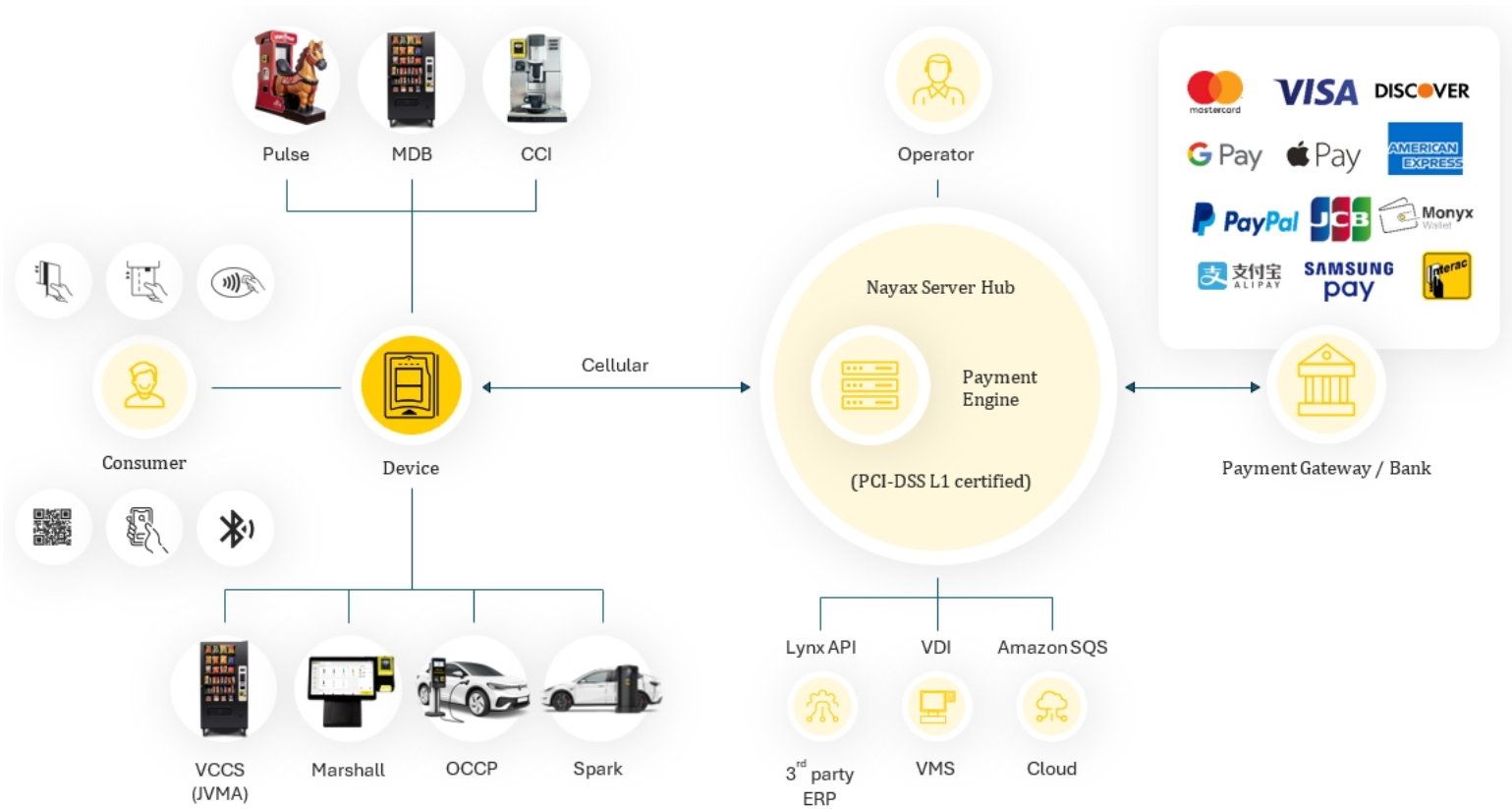
Transaction Flow (Sample Process)



Our robust back-end infrastructure allows us to process thousands of transactions per second and handle hundreds of simultaneous processes. Our versatile API platform enables seamless integration across our solutions, supported by extensive protocols that allow us to serve a variety of automated self-service points of sale with a “plug and play” setup. Our API suite includes, but is not limited to:

- Marshall, a simple serial protocol designed to connect our integrated POS devices to PC-based machines;
- LYNX, which provides input / output data to third-party systems; and

- Cortina, a collection of API methods which allows a third-party payment gateway to process payments via Nayax systems as depicted in the following diagram:



Research and Development

Nayax invests heavily in research and development to create new products, including both hardware and software, and integrate new technologies, expanding our selection of products and services to better serve existing target verticals and enter new ones. We strive to continuously improve and update our current products to include new functions, mechanisms, and capabilities to reflect evolving customer needs and new technical capabilities. Our research and development capability is very flexible, allowing Nayax to develop a wide range of solutions in-house and through collaboration with partners and customers, as well as to integrate acquired technologies and products smoothly.

We invested \$25.3 million, \$21.9 million and \$22.1 million in research and development in 2024, 2023, and 2022, respectively.

Intellectual Property

Protecting our proprietary technology and intellectual property, including trade secrets, know-how, software code, patents, and trademarks, is an important aspect of our business. We rely upon federal and state statutory and common law, foreign law, licensing agreements, non-disclosure agreements, confidentiality agreements, and other contractual and technical mechanisms to establish, maintain, and protect our intellectual property and proprietary technology. However, legal protections may not always be effective at preventing unauthorized access to our intellectual property and proprietary technology. Intellectual property laws, procedures, and restrictions provide limited protection, leaving our proprietary rights and technologies exposed to potential challenge, invalidation, infringement, circumvention, misappropriation, and other forms of violation. In certain jurisdictions, weaker intellectual property laws compared to the U.S. may leave our proprietary technology and rights unprotected.

While Nayax primarily relies upon its own intellectual property, developed and owned by Nayax, to operate our business, we also use a combination of open-source and third-party licensed software in connection with our services. Although we believe that these licenses adequately support our business operations, they typically limit our use of third-party intellectual property to specific purposes and time periods.

As of December 31, 2024, we owned the following assets:

- **Patents:** We own four issued U.S. patents, five issued Israeli patents, two issued European patents, and four patents issued in other jurisdictions. We also have several active patents applications in various jurisdictions.
- **Domain Names:** We own eight registered website domains.
- **Trademarks:** We maintain trademarks and service marks on or in connection with our proprietary technology and services, including both unregistered common law marks and issued trademark registrations, in jurisdictions including Israel, the United States, Japan, Australia, the European Union, the United Kingdom, China and Mexico, and others.

Our in-house expertise is a key component of our intellectual property and a barrier to theft and replication by our competitors. Developing our sophisticated platform required years of complex coordination among highly specialized employees, and we believe it would be immensely challenging, costly, and time-intensive for competitors to reverse engineer or duplicate our accumulated years of knowledge and ongoing efforts. We safeguard our expertise, trade secrets, and confidential information with IT security measures, limits on access to and distribution of sensitive information, and confidentiality agreements with employees, consultants, developers, and vendors.

We intend to pursue additional intellectual property protections where we believe it would advance our business objectives and support our competitive position, but we cannot guarantee that these efforts will adequately safeguard our intellectual property or provide a competitive advantage. We have previously faced, and expect to face in the future, claims from third parties, including competitors, alleging infringement, misappropriation or other violation of their trademarks, copyrights, patents, or other intellectual property rights, or challenging the validity or enforceability of our intellectual property. We are not currently a party to any such legal proceedings that, individually or collectively, management believes likely to have a material adverse impact on our business, financial condition, operating results, or cash flows.

See “Item 3. Key Information—D. Risk Factors—Risks related to data security, privacy, information technology and intellectual property” for a more comprehensive description of risks related to our intellectual property.

Culture and Human Capital

Since Nayax was founded in 2005, we have grown from just three employees to more than 1,100 employees around the globe as of December 31, 2024, including team members in Israel, the United States, Canada, the United Kingdom, Germany, Lithuania, Ukraine, Brazil, China, Japan, Australia, New Zealand, and other countries. Our culture is defined by four pillar principles, known collectively as OLAH:

- **Ownership:** We empower employees to take responsibility for their decisions and outcomes, fostering accountability, entrepreneurial thinking, and meaningful results for our customers.
- **Listen:** We listen closely to our customers and each other, uncovering opportunities to innovate, building stronger relationships, and deliver solutions that solve customer pain points.
- **Act:** We encourage employees of all levels to be decisive, challenge the status quo, and take calculated risks to better serve our customers and meet their needs quickly and effectively.
- **Honesty:** We place honesty and integrity at the heart of every action we take, sustaining collaboration within our team and forging lasting, trust-based partnerships with our customers.

Our innovative solutions are the direct result of closely collaborating with our customers to understand their unique needs and challenges. We work closely with our customers to solve their most pressing problems, helping our employees build expertise, cultivate a customer-centric mindset, and see the impact of their work each and every day. Nayax employees are proud to help our clients compete and grow, improving their commercial wellbeing with innovative solutions that simplify their operations and help them reach their target customers with flexible payment, loyalty, and customer engagement tools.

Nayax invests in its employees through frequent training and incentive-based compensation, cultivating a capable, tight-knit, and motivated workforce eager to face new challenges, achieve greater goals, and sustain long-term growth. Our employees think like founders and entrepreneurs, applying their natural creativity and deep expertise to provide outstanding products and services for both new and existing customers. Nayax offers a training platform known as WIN, where employees can access a wide variety of specially designed educational programs to familiarize themselves with our products and values.

Most research and development and product management activities are carried out in Israel and Ukraine. Since war broke out in the Gaza Strip on October 7, 2023, Nayax has taken steps to support our Israeli employees with increased flexibility for remote work, individual and group therapy support, babysitting allowances for partners of those serving in the military, and donations to charitable and volunteer efforts. We are monitoring the situation in Ukraine and have offered relocation assistance and accommodations to our employees there, as well. Neither the conflict in Israel or Ukraine, nor the response by the international community, has to date had a material impact on our research and development and product management activities, nor on our results of operations and financial condition.

Legal Proceedings

We are, from time to time, party to various legal proceedings arising out of our ordinary course of business.

During 2023, the ICA requested from us certain documents and other information related mainly to our acquisition of OTI. We cooperated fully and transparently with the ICA throughout its investigative process, and, on February 3, 2025, we entered into the Consent Decree with the ICA to settle allegations of anticompetitive practices and failing to obtain necessary ICA consent in connection with the acquisition. Pursuant to the Consent Decree, we and Yair Nechmad, our CEO and Chairman, agreed to pay a sum of NIS 2,500,000 (approximately \$701,000) and NIS 240,000 (approximately \$67,300), respectively, to the Israeli State Treasury, and we agreed to provide up to 6,500 OTI POS kits, comprised of the Telebox hardware units paired with Uno 8/Uno Plus card readers, over a period of five years, to third parties who may sell, distribute, and market the OTI POS kits under their own brands in the Israeli market. The Consent Decree is subject to public commentary and will become effective upon approval by the Israeli Competition Court. We do not believe the terms of the settlement will have a significant adverse effect on our business, financial condition or results of operations.

Currently, there are no claims or proceedings against us that we believe will have a material adverse effect on our business, financial condition, results of operations or cash flows. However, the results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, we may incur significant costs and experience a diversion of management resources as a result of litigation.

Recent Developments in Our Business

During 2024, our offerings, engagements and global footprint have expanded. Here are some examples:

- We acquired VMT, a leading technology provider for the automated self-service industry in Brazil. This strategic acquisition marks a significant step in our expansion into the Latin American market by enabling us to leverage VMT's established position serving thousands of retailers in diverse industries in hundreds of cities across Brazil.
- We acquired Roseman Engineering, a Tel-Aviv based fuel and electric vehicle management software solution provider that allows managers of gas stations to track fuel station income, reduce expenses and increase operational efficiencies. This acquisition complements our existing offerings utilized by EV charging station operators worldwide.
- We launched EV CloudPay, a cloud-based payments solution to facilitate payments at EV charging stations. EV CloudPay is a single cloud-based kiosk that facilitates the payments for multiple chargers (without having to download and use multiple mobile apps), enabling a seamless experience for charging station operators and customers.
- Our VPOS Touch card reader was designated Best Payment System from The Vendies, an annual UK-based vending industry award. VPOS Touch helps operators stay on top of their business via telemetry technology that communicates with a vending management system and app. VPOS Touch won the same award for Best Payment System in 2021 and won the Payment System of the Year award from The Vendies in 2016, 2017 and 2018.
- We opened a new Technical Support Center for the U.S. market aimed at enhancing our customer support quality, reducing call times and increasing customer satisfaction. We have also worked to automate several onboarding processes, with the goal of enabling us to continue to scale without compromising on support responsiveness.

- We entered into a collaboration agreement with DKV Mobility, a B2B platform for on-the-road payment solutions that will further expand our payments acceptance across Europe. DKV Mobility offers access to the largest energy-agnostic acceptance network in Europe, including tens of thousands of fuel service stations and hundreds of thousands of public and semi-public EV charging stations.
- We entered into a strategic partnership with Slovakia’s ASO Vending, the country’s largest vending machine operator. This partnership will include the installation of thousands of Nayax card readers on vending machines throughout the country, more than doubling Nayax’s active devices in Slovakia.
- We entered into a strategic partnership with Ayden to globally expand its EV charging and automated self-service payments infrastructure. This partnership introduces the world’s first global omnichannel payment service provider solution for EV charging, integrating our payment and loyalty platform into Ayden’s international platform. Additionally, this global partnership enables us to expand into new regions, such as Latin America and APAC, while reducing operational costs.
- We entered into a strategic partnership with A2Z Cust2Mate Solutions Corp. to integrate our automated self-service mobile payment system with A2Z Cust2Mate’s cart platform for small retail stores. This collaboration will enable customers to complete their shopping journey directly from their smart cart, eliminating the need for checkout lines, with a seamless “pick-and-go” experience.
- We launched the Energy EV Kiosk, a payment processing solution for EV charging stations. The Energy EV Kiosk enables a seamless and fast payment experience for drivers charging their vehicles using credit cards, debit cards or mobile wallets without the need for individual payment devices on each charger.

Regulation

We are subject to laws and regulations, either directly or contractually, that apply to payment processing as well as regulations that apply to businesses in general, such as those relating to worker classification, employment, worker confidentiality obligations, consumer protection and taxation. As a digital technology business, we are also subject to laws and regulations governing the internet, such as those relating to intellectual property ownership and infringement, trade secrets, the distribution of electronic communications, search engines and internet tracking technologies, and could be affected by potential changes to laws and regulations that affect the growth, popularity or use of the internet, including with respect to net neutrality and taxation on the use of the internet or e-commerce transactions.

Payment Processing Regulation

Our payment processing services, which clear the payments of consumers that purchase products without using cash on our POS devices, are dependent on a payment transfer system that operates through a chain of different entities, including, but not limited to, clearing entities, banks and credit card companies. See “—Technology” above for a depiction of a standard transaction flow. Payment processing activities are generally regulated by the various financial regulators in each jurisdiction in which we conduct our operations. We must comply with many different regulatory and licensing requirements where applicable, including the following:

Europe. We provide payment processing services in the EEA through Nayax Europe UAB (“Nayax Europe”). Nayax Europe is incorporated in Lithuania and, as such, is subject to the local implementation of the EU’s second Electronic Money Directive and the second Payment Services Directive 2. Pursuant to these measures, Nayax Europe is required to obtain a license to operate in Lithuania and throughout the European Union on a cross-border basis.

Nayax Europe holds a license through the Bank of Lithuania to operate as an Electronic Money Institution (the “EU EMI License”) across the EEA on the basis of a single market passport. Pursuant to the EU EMI License, we are able to provide services to business customers and end-users that enable us to charge and manage monetary values online. Prior to obtaining the EU EMI License in April 2021, Nayax Europe held a license as an authorized payment institution pursuant to local measures implementing the amended Payment Services Directive (“PSD II”) in Lithuania. Nayax Europe previously provided payment services throughout the EEA on the basis of the PSD II cross-border services passport.

Our EU EMI License imposes significant ongoing compliance obligations. In particular, Nayax Europe is subject to detailed rules on how electronic money is issued to customers, how customer funds must be safeguarded and how electronic money may be redeemed. We are required to ensure funds received from customers for electronic money are either held in a segregated account with an authorized credit institution, invested in secure, liquid assets or covered by an insurance policy or comparable guarantee. We must also satisfy initial and ongoing regulatory capital requirements and maintain detailed internal compliance policies and procedures that address, among other things, customer complaints handling, financial crime controls, anti-bribery and corruption and compliance with applicable sanctions.

United Kingdom. On June 26, 2023, we received our U.K. EMI License, replacing the temporary authorization to operate in the United Kingdom. This license imposes significant compliance obligations. In particular, we are subject to detailed rules on how electronic money is issued to customers, how customer funds must be safeguarded and how electronic money may be redeemed. We are required to ensure funds received from customers for electronic money are either held in a segregated account with an authorized credit institution, invested in secure, liquid assets or covered by an insurance policy or comparable guarantee. We must also satisfy initial and ongoing regulatory capital requirements and maintain detailed internal compliance policies and procedures that address, among other things, handling of customer complaints, financial crime controls, anti-bribery and corruption safeguards and compliance with applicable sanction regimes.

Israel. Nayax operates in Israel through an Israeli subsidiary, Nayax Israel Ltd., as a payment aggregator and, as such is currently regulated under the Supervision of Financial Services (Regulated Financial Services) Law, 5776-2016 (the “Supervision Law”). The Supervision Law imposes a licensing obligation on and sets forth a comprehensive regulatory framework for the provision certain financial services and credit in Israel, and provides limitations on managing businesses engaged in such activities. Pursuant to the Supervision Law, the Company received a license to provide financial asset services as well as a license to provide credit from the Capital Market, Insurance and Savings Authority in Israel (the “CMISA”). In accordance with the Supervision Law, Nayax holds an extended license to provide financial asset services, which is valid until December 31, 2025, and holds a basic license to provide credit services, which is valid until December 31, 2028. The Company is in the process of renewing both of these licenses. Additionally, pursuant to the Supervision Law, a controlling shareholder of a licensed entity must hold a controlling permit issued by the CMISA. Accordingly, each of our controlling shareholders, Mr. Amir Nechmad, Mr. Yair Nechmad and Mr. David Ben-Avi, currently holds a control permit pursuant to the Control Law.

Commencing on June 6, 2024, the regulatory framework for the supervision and licensing of non-banking payment services providers will be based on the Regulation of Payment and Payment Initiation Services Law, 2023 (“RPSL”), which is based on the European Directives PSD II and EMD, a regulation designed to create a more competitive and secure payments landscape in Europe. Under RPSL, as a general rule, entities providing payment services (including payment aggregators) will be supervised by the Israel Securities Authority (the “ISA”) and will be required to obtain a payment company license. Controlling shareholders of a licensed payment company will be required to apply for a control permit. As a transitional provision, payment services providers holding a license to provide financial asset services or a license to provide credit under the Supervision Law may continue to operate pursuant to the Supervision Law until June 6, 2026, provided that they provide notice to the ISA and file an application for a payment services license under RPSL within certain timeframes.

In some jurisdictions in which we operate, our activities do not fall within the scope of the regulations applicable to payments processing services, including:

United States, Canada and Australia. In the United States, Canada and Australia, we generally rely on relevant licenses held by financial services entities with which we have agreements. The laws, rules, regulations, licensing schemes and standards applicable to the financial services industry are enforced by multiple authorities in the United States, including the Department of the Treasury and state and local agencies, and similar organizations and authorities in Canada and Australia. Currently, we do not possess any permits, licenses, registrations or other authorizations from financial services regulators in the United States, Canada or Australia. Due to our reliance on relevant licenses held by financial services entities, we have taken the position that, as of the filing date hereof, the licensing, registration or other authorization requirements of federal and state agencies in the United States, Canada and Australia that regulate or monitor payments processing or other types of providers of electronic commerce services do not apply to us. However, the applicable regulation could change and we could become subject to additional regulatory requirements in the future. We continuously monitor local requirements to ensure compliance.

We are also subject to anti-money laundering laws and regulations set out by the jurisdictions in which we operate, and we engage in standard “know-your-customer” diligence prior to initiating a customer relationship that screens customers against sanctions lists including the Israeli Ministry of Defense Terror list, the U.S. Specially Designated Nationals and Blocked Persons list, the U.K. Consolidated List of Designated Persons and a consolidated list of people, groups, and entities who are subject to EU financial sanctions. This process must be completed before any payment relationship is established with a customer. In Israel, because we are licensed as a financial services provider, it is subject to Israel’s Prohibition of Money Laundering Law, 5760-2000 (the “Prohibition of Money Laundering Law”) and to the Anti-Money Laundering Order (Duties of Identification, Reporting and Record-Keeping of Financial Asset Services Providers and Credit Services Providers for the Prevention of Money Laundering and Terror Financing) 5778-2018 promulgated thereunder (the “Order”). We are also subject to obligations under the Prohibition of Money Laundering Law and Order. First, under the Order we are subject to various “know your customer” requirements, including identification and verification of clients, as well as certain reporting, record-keeping and sanctions list screening requirements. Second, we are required to have a dedicated officer who is responsible for fulfilling the requirements of the Prohibition of Money Laundering Law and Order.

Data Privacy

Because we collect, store, share, disclose, transfer, use and otherwise process (“Process”) consumer information and other data and engage in marketing and advertising activities to deliver our services to our customers and our customers’ end users (consumers), we are also subject to laws, rules, regulations and industry standards that address privacy and data protection. Each of these laws, rules, regulations and standards relating to privacy, data protection and/or data security, and any other such changes or new laws, rules, regulations or standards could impose significant limitations, require changes to our business, or restrict our Processing of personal information, which may increase our compliance expenses and make our business more costly or less efficient to conduct.

In the U.S., various federal, state, and local laws, rules, and regulations apply to the Processing of personal information. In addition to numerous privacy and cybersecurity laws, rules, and regulations already in place, U.S. states are increasingly adopting laws imposing comprehensive privacy and cybersecurity obligations, which may be more stringent, broader in scope, or offer greater individual rights with respect to personal information (including sensitive personal information) than foreign, federal, or other state laws, rules, and regulations, and such laws, rules, and regulations may differ from or conflict with each other. For example, the CCPA broadly defines personal information and requires companies that process information of California residents to make disclosures to consumers about their data collection, use and sharing practices. The CCPA also gives California residents expanded privacy rights and protections, such as affording them the right to opt out of certain data sharing with third parties, right to access and request deletion of their information and provides a new cause of action for certain data breaches that result in the loss of personal information. Additionally, the CCPA introduces additional obligations such as data minimization and storage limitations and granting additional rights to California residents such as correction of personal information and additional opt-out rights. It also establishes a regulatory agency dedicated to enforcing the CCPA. The CCPA and other laws, rules, regulations and standards relating to privacy, data protection and data security may require us to modify our data Processing practices and policies and may cause us to incur substantial costs and expenses in order to comply.

In the EEA, we are subject to the GDPR, and in the United Kingdom, we are subject to the U.K. GDPR, in each case in relation to our Processing of data relating to an identifiable living individual (personal data). The GDPR, along with national implementing legislation in EEA member states, and the U.K. GDPR, impose strict data protection compliance requirements including: providing detailed disclosures about how personal data is collected and processed (in a concise, intelligible and easily accessible form); demonstrating that an appropriate legal basis is in place or otherwise exists to justify data Processing activities; granting rights for data subjects in regard to their personal data (including data access rights, the right to be “forgotten” and the right to data portability); introducing the obligation to notify data protection regulators or supervisory authorities (and in certain cases, affected individuals) of significant data breaches; defining pseudonymized (i.e., key-coded) data; imposing limitations on retention of personal data; maintaining a record of data Processing; and complying with the principal of accountability and the obligation to demonstrate compliance through policies, procedures, training and audit.

Recent legal developments in Europe have created complexity and uncertainty regarding data transfers from the EEA to countries outside of the EEA in respect of which the European Commission or other relevant regulatory body has not issued an adequacy decision. Furthermore, the United Kingdom similarly restricts transfers of personal data to countries outside of the United Kingdom to countries such as the United States that the U.K. government does not consider to provide an adequate level of personal data protection. While we currently rely on the standard contractual clauses promulgated and recently substantially revised by the European Commission and the United Kingdom’s International Data Transfer Agreement (or the United Kingdom’s approved international data transfer addendum to the European Union’s standard contractual clauses) for such transfers, on July 10, 2023, the European Commission adopted an adequacy decision concluding that the United States ensures an adequate level of protection for personal data transferred from the European Union to the United States under the recently adopted EU-U.S. Data Privacy Framework (followed on October 12, 2023 with the adoption of an adequacy decision in the United Kingdom for the U.K.-U.S. Data Bridge). However, the EU-U.S. Data Privacy Framework (and the U.K.-U.S. Data Bridge) may be in flux as such new adequacy decision has been challenged, and is likely to face additional challenges, including at the Court of Justice of the European Union.

We are also subject to evolving EU and U.K. privacy laws on cookies, tracking technologies and e-marketing. In the EU and the U.K. under national laws derived from the ePrivacy Directive, informed consent is required for the placement of a cookie or similar technologies on a user’s device and for direct electronic marketing. The GDPR also imposes conditions on obtaining valid consent for cookies, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. The current national laws that implement the ePrivacy Directive are highly likely to be replaced across the EU (but not directly in the U.K.) by an EU regulation known as the ePrivacy Regulation which will significantly increase fines for non-compliance.

In addition, we are subject to the PPL and the regulations promulgated thereunder, which impose obligations with respect to the manner certain personal data is processed, maintained, transferred, disclosed, accessed and secured.

The burdens imposed by these and other laws and regulations that have been and may be enacted relating to data privacy and security, or new interpretations of existing laws and regulations, may require us to modify our data Processing practices and policies and to incur substantial costs in order to comply. We take a variety of technical and organizational security measures and other measures to protect our data, including data pertaining to our end consumers, employees and business partners. Despite any security measures we may put in place or that our third-party providers may implement on our behalf, our information technology and infrastructure and that of our third-party providers may be vulnerable to unauthorized access to such data.

Our ability, like those of other advertising technology companies, to collect, augment, analyze, use, share and otherwise process data relies upon the ability to uniquely identify devices across websites and applications, and to collect data about user interactions with those devices for purposes such as serving relevant ads and measuring the effectiveness of ads. The processes used to identify devices and similar and associated technologies are governed by U.S. and foreign laws and regulations and are dependent upon their implementation within the industry ecosystem. Such laws, regulations and industry standards may change from time to time, including those relating to the level of consumer notice and consent required before a company can employ cookies or other electronic tools to collect data about interactions with users online.

Because the laws and regulations governing the internet, privacy, data security and marketing are constantly evolving and striving to keep pace with innovations in technology and media, it is possible that we may need to materially alter the way we conduct some parts of our business activities or be prohibited from conducting such activities altogether at some point in the future. See “Item 3. Key Information—D. Risk Factors—Risks related to data security, privacy, information technology and intellectual property” for a description of risks related to compliance with data privacy and security regulations.

C. Organizational Structure

Nayax Ltd. is the ultimate holding company for our subsidiaries. As of December 31, 2024, we had 30 (direct or indirect) subsidiaries. The following table sets out for the subsidiaries we consider significant as of December 31, 2024, the country of incorporation, and the percentage ownership and voting interest held by us.

Company	Country of Incorporation	Percentage Ownership and Voting Interest	Main Activities
Nayax LLC	USA (Maryland)	100%	Sale of the Company’s products and services Processing transactions on behalf of the Company’s customers
Nayax Europe UAB	Lithuania	100%	in Europe
Nayax AU PTY Ltd.	Australia	100%	Sale of the Company’s products and services
Nayax (UK) Limited	UK	100%	Sale of the Company’s products and services

D. Property, Plants and Equipment

Facilities

Our principal executive office is located in Herzliya, Israel. In addition to our Herzliya office, we also have offices in the United States, as well as nine other countries. We lease each of our offices. We believe that our current facilities are adequate to meet our immediate needs.

We are not aware of any environmental issues or other constraints that would materially impact the intended use of our facilities.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements, including the related notes thereto, included elsewhere in this annual report. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in “Cautionary Statement Regarding Forward-Looking Statements” and “Item 3. Key Information—D. Risk Factors.”

A. Operating Results

Overview

Nayax unifies payments, operations management, and customer engagement tools into a powerful, adaptable platform for modern commerce. Our solutions empower businesses to enhance customer experience, accept cashless payments, and manage their operations with a robust ‘Internet of Things’, or IoT, software platform, helping achieve long-term growth. Nayax serves a global network of merchants, ranging from small operators to global enterprises in industries like vending, EV charging, parking, amusements, ticketing machines, laundromats, car washes, arcades, and attended retail. As of December 31, 2024, 2023 and 2022, we served approximately 95,000, 72,000 and 47,000 customers, respectively, in more than 120 countries across all continents, supporting 35 languages, more than 50 currencies and more than 80 payment methods. We serve a diverse range of self-service verticals, including vending machines, kiosks, self-checkouts, ticketing machines, laundromats, gaming terminals, and EV charging stations. Our success in automated self-service commerce has enabled us to expand into attended retail with in-store solutions designed to scale efficiently, deploy flexibly, provide a superior experience for end-consumers, and integrate seamlessly with our suite of automated self-service solutions.

Our revenue growth depends on acquiring new customers, retaining existing ones, and expanding sales across both groups by delivering essential solutions that drive business growth and cost efficiency. We cater to a broad range of customers, from single-location SMEs to multinational enterprises managing extensive POS networks. Our strategy prioritizes both market segments with a scalable and adaptable platform built to support the distinct needs of various industries and business models. Our revenues can be divided into three categories:

- **Software and ongoing services**, including SaaS solutions;
- **Payment processing fees**; and
- **Hardware sales and other one-time revenues**, such as professional services.

SaaS solutions-based revenue (“SaaS Revenue”) is generated from monthly recurring fixed fees charged to customers for access to our telemetry and management software solutions. Contract terms generally range from 12 to 36 months. Our SaaS solutions pricing is primarily based on a monthly rate per connected device. We offer a variety of subscription plans to customers depending on the features and functionality they require.

Payment processing fees (“Payment Processing Fees”) consist of fees paid by our customers for transactions made at the point of sale and processed using our platform. This fee is generally calculated as a percentage of the total transaction amount processed.

Together, our SaaS Revenue and Payment Processing Fees comprise what we refer to as our recurring revenue. In the years ended December 31, 2024, 2023 and 2022, approximately 40%, 39% and 43% of our recurring revenue was comprised of SaaS Revenue, and approximately 60%, 61% and 57% was comprised of Payment Processing Fees, respectively.

	Year ended December 31,		
	2024	2023	2022
SaaS Revenue (\$millions)	88.5	58.9	45.3
YoY Growth	50%	30%	30.9%
Payment Processing Fees (\$millions)	133.8	92.1	59.5
YoY Growth	45%	55%	63%

Revenue from the sale of integrated POS devices is derived from one-time revenues from the sale of our devices. Our integrated POS devices support businesses by streamlining transactions, increasing the likelihood that customers complete purchases, and reducing costs through our end-to-end SaaS and payment processing platform.

Below is a breakout of revenue for the fiscal years 2024, 2023 and 2022:

	Year ended December 31,					
	2024		2023		2022	
	Revenue (\$ millions)	Rate of total income	Revenue (\$ millions)	Rate of total income	Revenue (\$ millions)	Rate of total income
SaaS Revenue and Payment Processing Fees	222.3	70.8%	151.1	64.1%	104.8	60.4%
Revenue from sale of integrated POS devices	91.7	29.2%	84.4	35.9%	68.7	39.6%

We use a dollar-based net retention rate as a measurement of the loyalty of our customer base. The net retention rate is measured as a percentage of revenue from returning customers in a given period as compared to the revenue from such customers in the prior period, which reflects the increase in revenue and the rate of losses from customer churn. We have shown a robust net retention rate of over 100% in each of 2024, 2023 and 2022, which was driven by our low customer churn and continued growth of our customers' businesses.

	Year ended December 31,		
	2024	2023	2022
Net revenue retention	129%	144%	131%

Our Business Model

We drive growth by delivering an end-to-end commerce platform that connects businesses to a powerful, integrated, and sticky ecosystem of payments, data, and operational tools. Our POS devices, which are easy-to-install and frequently come pre-installed in OEM-manufactured equipment, serve as the gateway to this platform, embedding our technology deep into everyday business operations. Since we design most of our hardware and software in-house, we can innovate faster than our competitors and customize our solutions to address new verticals, consolidate our market position, and expand our serviceable market.

Global Payments Suite

Our global cashless payments platform enables businesses to accept the payment methods their customers prefer. Our integrated POS devices support more than 80 payment methods, including major credit and debit cards, mobile wallets, prepaid cards, and QR-based options. We process payments in over 50 currencies across 120 countries, leveraging direct connections with global acquirers to maximize payment conversion and facilitate seamless cross-border expansion.

Telemetry and Management Software Suite

Our complete management software suite enables businesses to synthesize diverse operational data into real-time insights, remotely manage their network of IoT-connected devices, integrate external systems via APIs, and perform key tasks like monitoring inventory, adjusting prices, managing employees, and generating detailed business and reconciliation reports. Our platform allows businesses to reduce downtime, optimize resource allocation, and make data-driven decisions while maintaining the flexibility to scale, integrate with new systems, and navigate an increasingly complex and competitive marketplace.

Loyalty and Marketing Suite

Our comprehensive loyalty and marketing tools enable businesses to engage consumers across multiple channels, integrating in-store and digital interactions to enhance customer retention and maximize marketing impact. Our platform allows businesses to design, launch, and manage targeted loyalty programs and marketing campaigns while leveraging real-time data to track and optimize performance. **Monyx**, our digital wallet app, and **Weezmo**, our customer analytics and digital marketing engine, empower businesses to connect online and in-store journeys, offer personalized promotions, and manage outreach via social media, SMS, and email, driving deeper consumer engagement and repeat visits.

Integrated POS Devices

Our integrated POS devices combine flexible payment acceptance with IoT-enabled telemetry, delivering a reliable and complete solution for both self-service and in-store environments. We engineer our hardware and software in-house to precise specifications, ensuring high functionality, durability, and seamless integration. Our devices are exceptionally easy to install, and our frictionless onboarding process allows most businesses to manage activation independently, enabling them to begin collecting payments quickly and seamlessly.

Factors Affecting our Performance

Acquisition of New Customers

Our long-term success depends on appealing to a diverse array of new customers across both automated self-service and attended retail markets. Our flexible solutions allow us to refine our messaging and sales approach by vertical, strengthening our ability to connect with a wide range of businesses as a differentiated and high-impact growth partner offering both deep industry expertise and seamless scalability.

We have a proven track record of securing enterprise Requests for Proposals, or RFPs, while operating an efficient, automated SME acquisition channel that minimizes costs and accelerates adoption. Since our ability to attract new customers relies, among others, on the strength of our sales team, the effectiveness of our marketing, and referrals from satisfied customers, we expect to increase investments in sales, marketing, and customer acquisition for our integrated POS devices and professional services over time.

Revenue Retention and Expansion Within our Existing Customer Base

Our ability to retain customers and grow revenue within our existing base is a key driver of long-term success. We believe our flexible platform creates substantial upselling and cross-selling opportunities, and our strategy focuses on expanding our footprint within customer operations, introducing value-added services that enhance efficiency and automation, and capturing a greater share of transaction volume. Once deployed, our platform becomes an essential part of customer operations, with high switching costs and the mission-critical nature of our solutions increasing stickiness and reducing churn. Approximately 70% of total revenue for the year ending December 31, 2024, can be attributed to existing customers and our dollar-based net retention rate was approximately 129%.

Type of Business on our Platform

Our revenue depends, among others, upon the industries we serve, the total volume of payments processed, and the currencies in which transactions occur. Since transaction sizes, payment preferences, and digital adoption rates vary widely across verticals and geographies, we may see shifts in our revenue mix, average transaction size, and overall payment volume as we continue to expand into new verticals, markets, and regions.

Industry Trends

We believe that industry trends like increasing adoption of cashless payments, growing consumer preference for automated self-service, and businesses' need for more efficient point-of-sale solutions has positively impacted our revenues in recent years and continue to present significant growth opportunities. Our ability to continue capitalizing on these trends may depend upon macroeconomic factors such as inflation and consumer spending and business-specific considerations like regulatory approvals and competitor behavior.

Geographic Expansion

We may pursue entry into new geographic markets to hedge against region-specific economic fluctuations, expand our addressable market, and fully leverage our existing global network of payment methods and multi-currency support. Offering businesses in emerging markets access to our seamless, scalable payment infrastructure would bridge gaps in financial access, unlock new revenue streams, and create long-term growth opportunities by establishing an early leadership position in high-potential regions where digital commerce adoption is surging.

Customer Growth Rates

We believe our long-term revenue growth is closely tied to the success of our customers, and we are committed to helping drive their expansion. Our platform enables businesses to scale efficiently and process greater transaction volumes, allowing us to capture more payment processing revenue and reinforcing our role as a trusted partner. We will continue to invest in solutions that help our customers grow, enhance their revenue potential, and drive their continued engagement with our platform.

We expect the number of locations on our platform to increase as our customers grow their businesses and open new sites. Since our platform eliminates the need for multiple vendors, streamlines operations, and enhances payment processing efficiency, we believe businesses will remain within our ecosystem as they expand.

Innovation and Solution Development

We believe continuous innovation is essential to maintaining our market leadership, and we plan to invest in research and development to strengthen our existing solutions, evolve alongside our customers, and unlock strategic opportunities in new markets. Although we expect increased research and development spending to affect operating margins in the short term, these investments position us to develop and scale new products that drive adoption, strengthen customer relationships, and fuel long-term revenue growth.

Economic Conditions

We believe that the following macroeconomic and geopolitical considerations are likely to influence our future financial performance:

- **Global Economic Growth:** Slower economic expansion may lead businesses to scale back or delay investments in our integrated POS devices and services. Consumers could also reduce discretionary spending in response to slower growth, reducing our overall transaction volumes.
- **Supply Chain Disruptions:** Component shortages, or anticipated or unanticipated logistical disturbances could disrupt our ability to manufacture and fulfill orders on time, increasing the cost of essential components and shipping or impacting our ability to meet contractual commitments.
- **Interest Rates:** Rising interest rates could increase borrowing costs for our customers, limiting their ability to invest in new locations, upgrade payment infrastructure, or adopt our integrated POS solutions at the same pace.
- **Inflation:** Volatility in component prices has already affected production costs for our integrated POS devices, and prolonged inflation may further strain margins. While general inflation has not yet significantly impacted customer demand for our solutions, persistent cost increases could require adjustments in pricing or supply chain strategies to maintain affordability and competitiveness.
- **Tariffs:** Elevated tariffs on essential imported materials, including steel and aluminum, could lead to higher manufacturing expenses for our integrated POS devices, potentially reducing our profit margins. Suppliers also may attempt to renegotiate or terminate contracts if tariffs unexpectedly raise their operating costs or disrupt their own supply chains.

Please refer to “Item 3. — D. Risk Factors” for a more comprehensive and detailed discussion of trends and uncertainties that could impact our future financial performance and operating results.

Components of our Consolidated Income Statement

Revenues

We generate revenue from three primary sources:

- **SaaS Subscriptions:** We charge monthly fees per billable device for access to our telemetry and management software, with pricing based on a tiered subscription model. Customers can choose from multiple plans, each offering different levels of functionality and support, ensuring flexibility for businesses of all sizes. Revenue is recognized over the subscription period once service begins.
- **Payment Processing Fees:** We charge a transaction fee for payments processed through our platform, typically calculated as a percentage of the total transaction amount. We recognize revenue from Payment Processing Fees as gross revenue because we are responsible for facilitating, managing, and ensuring the completion of the transaction. We recognize fees paid to our acquiring partners as cost of revenues because they are direct expenses incurred to deliver that service.
- **Hardware Revenue:** We generate one-time revenue from the sale of integrated POS hardware. Although we believe that businesses can optimize their sales performance, cost efficiency, and customer experience by deploying our integrated POS devices in conjunction with our SaaS solutions and payment processing infrastructure, our hardware supports multiple functionalities and can be purchased as a standalone product. We recognize revenue from hardware sales when control of the device transfers to the customer, as each sale is a distinct performance obligation separate from any related services.

We expect recurring revenue—including SaaS subscriptions and payment processing fees—to grow as a proportion of our revenue mix over the long term, supporting our path to profitability.

Cost of Revenues

Our Cost of Revenues can be divided into three primary categories:

- **Hardware-Related Costs** includes all expenses associated with the production, sale, and distribution of our integrated POS devices, including hardware component costs, shipping and handling expenses, external manufacturing services, salary-based and share-based compensation for employees, quality control, and infrastructure costs related to testing and production oversight.

We reduced hardware-related costs in 2024 by enhancing production efficiency and leveraging improved global supply chain conditions to renegotiate supplier contracts, reduce material costs, and ensure more stable pricing for key components. We will continue to identify opportunities over the coming year to expand our gross margin by optimizing hardware design, refining cost controls, and improving overall operational efficiency.

We attribute approximately \$64.1 million, or 37.3%, of our cost of revenues in 2024 to hardware, representing a 6.3% reduction compared to 2023. We plan to continue investing in hardware products as the foundation of our continued growth and gateway to our platform while maintaining our focus on reducing manufacturing costs.

- **Payment Processing-Related Costs** includes interchange and flat fees paid to processing agencies, including merchant acquirers and card networks, for payment processing services.

We attribute approximately \$88.3 million, or 51.2%, of our total cost of revenues in 2024 to payment processing expenses.

- **SaaS-Related Costs** includes all expenses associated with developing or maintaining our SaaS platform and device communication network, expenses related to our Tier 1 customer support team, and relevant employee-related costs, including salary-based and share-based compensation.

We attribute approximately \$20.1 million, or 11.6%, of our total cost of revenues in 2024, to our SaaS solutions. We plan to continue investing in SaaS and customer support as essential components of our overall value proposition, which may negatively impact our gross margins in the short-term.

Research and Development Expenses

Research and development expenses consist primarily of employee and subcontractor expenses and other related costs for research, development and product management, core development, product design, characterization and construction, share-based compensation costs, depreciation of property plant and equipment and right of use assets and other corporate overhead allocations. We anticipate that these costs will increase as we continue to invest in the development of new products and services and develop new functionalities in our existing products and the Nayax platform. However, we expect that research and development expenses will decrease as a percentage of revenue over time as we continue to scale our business.

Depreciation and Amortization in Respect of Technology and Capitalized Development Costs

Depreciation and amortization arise of internally developed technology and intangible assets related to technology obtained through our business combination and acquisition activity.

Selling, Administrative and General Expenses

Selling, administrative and general expenses consist of general and administrative expenses and expenses attributable to sales and marketing activities.

Sales and marketing expenses consist primarily of employee expenses and other related costs derived from our sales, business development and marketing departments, including stock-based compensation costs, costs of distributors, travel and hospitality-related expenses and other expenses associated with our sales and marketing efforts.

General and administrative expenses consist primarily of employee expenses and other related costs derived from the following departments: finance, legal, administrative, human resources and information technology, and also include related stock-based compensation costs, corporate overhead allocations, consulting, management and professional fees, computer and system maintenance and other expenses incurred in connection with the day-to-day operation of our business.

We expect selling, administrative and general expenses to moderately increase as we push to grow our customer base and product offering. However, we expect that selling, administrative and general expenses will decrease as a percentage of revenue over time as we continue to scale our business.

Finance Income (Expense), Net

Financing income (expense), net include interest on bank loans, other long-term loans, lease liabilities, exchange rate differences and other financing expenses incurred in connection with sustaining our operations. Our functional currency is U.S. dollar, and a material portion of our expenses are incurred in NIS. In addition, we receive payments in a significant number of different currencies including U.S. dollar, euro, Australian dollar, and British pound. Consequently, we are exposed to fluctuations in different exchange rates relative to the U.S. dollar.

a. Financial Income

	Year ended December 31,		
	2024	2023	2022
	U.S. Dollars in thousands		
Interest income on cash and bank deposits	3,110	1,685	-
Financial income in respect of change in fair value options	148	-	423
Financial income in respect of shareholders and related companies	150	24	15
Financial income in respect of finance sub-lease	-	17	-
Financial income in respect of exchange rate differences	-	767	-
	<u>3,408</u>	<u>2,493</u>	<u>438</u>

b. Financial Expenses

	Year ended December 31,		
	2024	2023	2022
	U.S. Dollars in thousands		
Interest expense on bank loans and bank fees	(6,181)	(3,389)	(993)
Financial expenses in respect of change in fair value options	-	(310)	-
Financial expenses in respect of loans from others	(197)	(591)	(70)
Financial expenses in respect of other liabilities	(1,552)	(161)	(167)
Financial expenses in respect of leases liabilities	(333)	(330)	(260)
Financial Expenses in respect of exchange rate differences	(2,634)	-	(1,968)
	<u>(10,897)</u>	<u>(4,781)</u>	<u>(3,458)</u>

How we Assess the Performance of our Business

In addition to operational metrics such as number of customers, number of managed and connected devices, number of transactions and financial measures determined in accordance with IFRS, we also use Adjusted EBITDA, a non-IFRS financial measure, as a measure to evaluate our past results and future prospects.

Key Operating Metrics

We regularly monitor the following operating and financial metrics to help us evaluate our business, identify trends affecting our business, formulate business plans and make strategic decisions. We believe the financial and operating metrics presented below are useful in evaluating our business. Although these operating and financial metrics are frequently used by investors and security analysts in their evaluation of companies, such metrics have limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of our results of operations as reported under IFRS. In addition, our operating and financial metrics may be calculated in a different manner than similarly titled metrics used by other companies. Note that our key operating metrics presented below for 2024 include data as a result of the acquisition of Roseman Engineering and VMT in the second quarter of 2024, and for 2023 include data as a result of the acquisition of Retail Pro in the last quarter of 2023.

Number of Customers

We track the number of customers that use our products and services as a gauge for the size and growth profile of our business. We define number of customers as the number of unique customers that have transacted using our platform within the period presented.

The following table sets forth number of customers for the periods indicated:

	As of December 31,		
	2024	2023	2022
Number of customers	95,060	72,252	47,385
YoY growth	32%	52%	60%

Number of Managed and Connected Devices

We track managed and connected devices as a measure of the fixed subscription base in our business. We define the number of managed and connected devices as the number of integrated POS devices that were utilized by customers within the period presented.

The following table sets forth managed and connected devices for the periods indicated:

	As of December 31,		
	2024	2023	2022
Number of managed and connected devices (in thousands)	1,260	1,044	725
YoY growth	21%	44%	40%

Number of Transactions

We track the number of transactions executed using our integrated POS devices as a way to track the growth of payment processing revenues in our business.

The following table sets forth the number of transactions for the periods indicated:

	Year ended December 31,		
	2024	2023	2022
Number of transactions (in millions)	2,378	1,841	1,304
YoY growth	29%	41%	64%

Non-IFRS Financial Measures

In addition to our results determined in accordance with IFRS issued by the IASB, we believe the following non-IFRS financial measure is useful to investors in evaluating our operating performance. Management refers to the following non-IFRS financial measure as a means to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-IFRS financial information, when taken collectively with financial measures prepared in accordance with IFRS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies because it provides consistency and comparability with past financial performance. However, our management does not consider this non-IFRS measure in isolation or as an alternative to financial measures determined in accordance with IFRS.

Non-IFRS financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with IFRS. Non-IFRS financial information may be different from similarly titled measures used by other companies. The principal limitation of these non-IFRS financial measures is that they exclude significant expenses that are required by IFRS to be recorded in our financial statements, as further detailed below. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses are excluded or included in determining these non-IFRS financial measures.

A reconciliation is provided below for the non-IFRS financial measure to the most directly comparable financial measure prepared in accordance with IFRS. Investors are encouraged to review the related IFRS financial measures and the reconciliation of non-IFRS financial measures to their most directly comparable IFRS financial measures included below and to not rely on any single financial measure to evaluate our business.

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure that we define as loss for the period excluding finance expenses, tax expense (benefit), depreciation and amortization, share-based compensation costs, non-recurring issuance and acquisition costs and our share in losses of associates accounted for by the equity method.

We present Adjusted EBITDA in this annual report because it is a measure that our management and board of directors utilize as a measure to evaluate our operating performance. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

The following is a reconciliation of loss for the period, the most directly comparable IFRS financial measure, to Adjusted EBITDA for each of the periods indicated.

	Year ended December 31,		
	2024	2023	2022
	In USD thousands		
Loss for the period	(5,631)	(15,887)	(37,509)
Finance expenses, net	7,489	2,288	3,020
Tax expenses	1,247	1,215	451
Depreciation and amortization	21,370	12,505	9,028
EBITDA	24,475	121	(25,010)
Share-based payment costs	7,187	6,027	8,747
employment benefit cost ⁽¹⁾	541	-	-
Non-recurring issuance and acquisition costs ⁽²⁾	2,023	444	1,790
Share of loss of equity method investee	1,270	1,555	1,794
Adjusted EBITDA	35,496	8,147	(12,679)

(1) Consists of other compensation arrangements provided to the shareholders of VMT.

(2) Consists primarily of (i) expenses incurred in connection with our listing on Nasdaq, (ii) professional fees and other expenses incurred in connection with our acquisitions, (iii) fees and expenses, other than underwriter discount and commissions, incurred in connection with our March 2024 underwritten public offering of 3,130,435 ordinary shares, (iv) settlement arrangement and legal expenses incurred in connection with and throughout the ICA's investigative process related to our acquisition of OTI.

Results of Operations

We have based the following discussion on our consolidated financial statements which you should read in conjunction with these financial statements, as it is qualified in its entirety by reference to them. The following tables set forth our results of operations. On November 30, 2023, we acquired Retail Pro for a purchase price that represents an implied enterprise value of \$36.5 million. On April 1, 2024, we acquired Roseman Engineering for an implied enterprise value of approximately \$5.675 million (NIS 21 million). On April 30, 2024, we acquired VMT for an implied enterprise value of approximately \$27 million (BRL 137.5 million), which includes an earnout and other contingents (recognized in its fair value in our financial statements in the amount of approximately \$14.76 million). Our results of operations reflect results from Retail Pro, Roseman Engineering and VMT following the dates of each such acquisition, respectively.

Comparison of the Years Ended December 31, 2024 and 2023

The following table summarizes our results of operations for the years ended December 31, 2024 and 2023:

	Year ended December 31,	
	2024	2023
	In USD thousands	
Revenues	314,013	235,491
Cost of revenues	172,479	147,198
Gross Profit	141,534	88,293
Research and development expenses	25,374	21,928
Selling, administrative and general expenses	98,196	70,320
Depreciation and amortization in respect of technology and capitalized development costs	11,566	6,430
Other expenses	2,023	444
Share of loss of equity method investee	1,270	1,555
Profit (Loss) from ordinary operations	3,105	(12,384)
Financial Income	3,408	2,493
Financial Expense	(10,897)	(4,781)
Loss before taxes on income	(4,384)	(14,672)
Tax expenses	(1,247)	(1,215)
Loss for the year	(5,631)	(15,887)

Revenue

The following table provides a breakdown of our primary revenue streams.

	Year ended December 31,	
	2024	2023
	In USD thousands	
Revenue from the sale of integrated POS devices	91,677	84,406
Recurring revenue	222,336	151,085
Total revenue	314,013	235,491

Total revenue for the year ended December 31, 2024 increased by \$78.5 million, or 33%, from \$235.5 million for the year ended December 31, 2023. Revenue from the sale of integrated POS devices increased by \$7.3 million, or 9%, from \$84.4 million for the year ended December 31, 2023 as a result of a 14% increase in integrated POS devices sold. Recurring revenue increased by \$71.2 million, or 47%, from \$151.1 million, of which \$29.6 million was attributable to an increase in SaaS Revenue as a result of an increase in the number of managed and connected devices and \$41.7 million was attributable to an increase in processing activity as a result of a higher volume and value of transactions. Our revenue mix in 2024 continues to shift moderately towards recurring revenue. In 2024, approximately 70.8% of our total revenue came from recurring revenue compared to 64.2% in 2023. We expect that our revenue mix will continue shifting towards recurring revenue in coming years.

Cost of Revenues

The following table provides a breakdown of our cost of revenues attributable to our primary revenue streams.

	Year ended December 31,	
	2024	2023
	In USD thousands	
Cost of integrated POS devices sales	64,106	68,433
Cost of recurring revenue	108,373	78,765
Total cost of revenue	172,479	147,198

Total cost of revenues for the year ended December 31, 2024 increased \$25.3 million, or 17%, from \$147.2 million for the year ended December 31, 2023.

Costs attributable to integrated POS devices sales decreased by \$4.3 million, or 6%, from \$68.4 million, primarily as a result of an increase in the number of integrated POS devices sold offset by a decrease in manufacturing costs. Cost of revenues attributable to our recurring revenue stream increased by \$29.6 million, or 38%, from \$78.8 million, primarily as a result of a higher transaction value and an increase in the number of managed and connected devices in the period.

Gross Profit

Total gross profit for the year ended December 31, 2024 increased by \$53.2 million, or 60.3%, from \$88.3 million for the year ended December 31, 2023. Total gross profit margin increased to 45.1% from 37.5% for the year ended December 31, 2023.

Gross profit relating to the sale of integrated POS devices increased by \$11.6 million, or 73%, from \$16.0 million for the year ended December 31, 2023, primarily due to an increase of approximately \$2.4 million as result of an increase in integrated POS devices sold and a decrease of approximately \$9.2 million in manufacturing costs. Gross margin from integrated POS devices sales increased by 11.2%, from 18.9% in 2023, largely due to a decrease in manufacturing costs.

Gross profit relating to recurring revenue increased by \$41.6 million, or 58%, from \$72.3 million for the year ended December 31, 2023, primarily as a result of an increase in SaaS Revenue attributable to a higher installed device base from increased integrated POS devices sales and an increase in Payment Processing Fees from increased transaction volumes and value. Gross margin relating to recurring revenue increased 3.4% from 47.9% for the year ended December 31, 2023, primarily stemming from a moderate shift in revenue mix towards SaaS Revenue stream, optimizing key contracts with several bank acquirers and improved our smart-routing capabilities.

Research and Development Expenses

Research and development expenses for the year ended December 31, 2024 were \$25.4 million, compared to \$21.9 million for the year ended December 31, 2023, an increase of \$3.5 million, primarily driven by a \$8.7 million increase in employee salary expense and related costs due to the growth in our headcount among subcontractors and our recent acquisitions of Retail Pro, Roseman Engineering and VMT, offset by an increase of \$5.3 million in capitalized development costs primarily stemming from investing in new products and features.

Selling, Administrative and General Expenses

Total selling, administrative and general expenses for the year ended December 31, 2024 increased \$27.9 million, or 40%, from \$70.3 million for the year ended December 31, 2023, primarily due to \$3.8 million increase in costs of professional and regulatory services; an increase of \$7.1 million in IT related costs, depreciation expenses and other office-related costs; and an increase of \$13.6 million in employee-related costs due to the growth in our headcount, higher salary costs, and our recent acquisitions of Retail Pro, Roseman Engineering and VMT which amounted to an aggregate of \$7.9 million.

Depreciation and Amortization in Respect of Technology and Capitalized Development Costs

Depreciation and amortization in respect of technology and capitalized development costs for the year ended December 31, 2024 were \$11.6 million, compared to \$6.4 million for the year ended December 31, 2023, an increase of \$5.2 million, primarily driven by amortization of technology assets derived from our recent acquisition of Retail Pro in 2023, and Roseman Engineering and VMT in 2024.

Other Expenses

Other expenses for the year ended December 31, 2024 were \$2 million, primarily attributable to professional fees and other expenses, incurred in connection with our March 2024 underwritten public offering of 3,130,435 ordinary shares, and professional fees and other expenses incurred in connection with the acquisition of Roseman Engineering and VMT in the second quarter of 2024, including other compensation arrangements provided to the shareholders of VMT, and amounts paid pursuant to the Consent Decree entered into with the ICA including professional expenses arising in connection with and throughout the ICA's investigative process, compared to \$0.4 million in other expenses for the year ended December 31, 2023, primarily attributable to professional fees incurred in connection with the Retail Pro acquisition.

Equity Method Investee

Our share in losses of associates accounted for by the equity method amounted to \$1.3 thousand for the year ended December 31, 2024. This loss is attributable to our investment in Tigapo.

Finance Expenses, Net

Finance expenses, net for the year ended December 31, 2024 were \$7.5 million compared to \$2.3 million for the year ended December 31, 2023, an increase of \$5.2 million. The increase was primarily driven by exchange rate fluctuations, interest on our additional credit facility and long-term loans from banks to fund our recent acquisitions, offset by an increase in financial income derived from public offering issuance funds, which were deposited with a bank, and cash in segregated accounts.

Geographic Distribution

Our corporate headquarters is located in Israel, where we manufacture our devices and manage our sales and marketing efforts. We also consider Israel to be our research and development center. A significant part of our operations, however, is conducted through foreign subsidiaries and other third-party distributors in Europe, North America, Australia and the rest of the world.

The below table sets forth our revenue breakdown per geographic region for the years indicated:

	Year ended December 31,	
	2024	2023
	In USD thousands	
United States	123,033	83,528
Europe (excluding United Kingdom)	76,000	72,887
United Kingdom	38,688	26,391
Australia	27,521	22,484
Israel	16,967	13,095
Rest of the World	31,804	17,106
Total	314,013	235,491

See Note 5 to our consolidated financial statements included elsewhere in this annual report for more information.

Comparison of the Years Ended December 31, 2023 and 2022

This analysis can be found in Item 5 of the Company's annual report on Form 20-F filed with the SEC on February 28, 2024.

Cash Flows

Comparison of the Years Ended December 31, 2024 and 2023

The following table summarizes our cash flows for the years ended December 31, 2024 and 2023:

	Year ended December 31,	
	2024	2023
	(in USD thousands)	
Net cash generated from (used in):		
Net cash generated from operating activities	42,902	8,798
Net cash flows used in investing activities	(45,906)	(36,831)
Net cash flows generated from financing activities	50,844	31,551
Increase in cash and cash equivalents	<u>47,840</u>	<u>3,518</u>

Net Cash Generated from Operating Activities

Our cash flow from operating activities is generated primarily from reducing our net loss for the period excluding non-cash items and changes in working capital. We use our cash flows generated from operating activities to provide working capital for current and future operations.

For the year ended December 31, 2024, net cash generated from operating activities was \$42.9 million, an increase of \$34.1 million from \$8.8 million of net cash generated from operating activities for the year ended December 31, 2023. The increase in cash generated from operating activities was primarily due to hardware improvements, implementing measures to optimize our hardware infrastructure through analysis and targeted investments, resulting in increased efficiency. This builds on the decrease over time started in 2023 in the volatility in costs derived from the global components' shortage. Improved processing costs resulting in efficiencies in managing transaction flow between various acquirers which led to lower processing costs, an operational leverage derived from revenue growth outpacing the increase in operational expenses, resulting in improved operational leverage and higher profitability. In addition, timing of processing activities and increased processing volume in 2024 compared to 2023 positively impacted working capital balances and cash flow.

Net Cash Used in Investing Activities

Our investing activities have primarily consisted of acquisitions and investments in technology.

For the year ended December 31, 2024, net cash used in investing activities was \$45.9 million compared to net cash used in investing activities of \$36.8 million for the year ended December 31, 2023, an overall change of \$9.1 million. The increase was primarily driven by \$24.9 million in capitalized development and technology costs focused on market expansion and new product development, as well as strategic investments in infrastructure, including the purchase of property, plant, and equipment, to support future growth, an increase in bank deposits investments resulting from successful capital-raising, net cash used of \$14.9 million in connection with the acquisitions of VMT and Roseman Engineering offset by an increase in interest received from cash balances and bank deposits.

Net Cash generated from Financing Activities

Our financing activities in 2024 consisted primarily of proceeds from our March 2024 underwritten public offering on Nasdaq and repayment of loans received from banks and certain other lenders and changes in short-term bank credit facilities.

For the year ended December 31, 2024, net cash generated from financing activities was \$50.8 million compared to \$31.5 million for the year ended December 31, 2023, an overall change of \$19.3 million. The increase in net cash provided from financing activities was primarily driven by \$62.6 million capital raise from our March 2024 underwritten public offering, \$22.8 million long-term loan from banks to fund the acquisitions of Retail Pro and Roseman Engineering offset by \$62.5 million changes in short-term bank credit and repayment of loans received from banks and other certain lenders.

Comparison of the Years Ended December 31, 2023 and 2022

This analysis can be found in Item 5 of the Company's annual report on Form 20-F filed with the SEC on February 28, 2024.

B. Liquidity and Capital Resources

We fund our operations from our net cash flows generated from operating activities and issuances of equity. In addition to these cash flows, we have entered into certain debt arrangements to provide additional liquidity and to finance our operations.

In May 2023 we entered into a short-term credit facility in the amount of NIS 17 million with an Israeli bank that bears a prime based variable interest rate. As of December 31, 2024, we had no outstanding balance under this short-term credit facility.

In July 2023, the Company entered into an additional short-term credit facility with an Israeli bank in the amount of \$9.75 million, which was later increased to \$30 million. The short-term credit facility bears a prime based variable interest rate. As of December 31, 2024, a total of \$17 million was outstanding under the short-term credit facility.

In November 2023, we acquired Retail Pro. We funded the cash portion of the consideration payable at the closing, in the amount of approximately of \$17 million, with a short-term credit facility we received earlier in the year. This bridge loan bears a variable interest rate based on the secured overnight financing rate (SOFR). In parallel with the bridge loan, the bank approved a long-term loan in the amount of approximately \$17 million. The long-term loan was fully executed on February 25, 2024 and bears a SOFR based variable interest rates. Other than a covenant requiring us to use cash generated by Retail Pro to finance our payment obligations to the sellers, and certain covenants related to our reported financing expenses, the long-term loan did not require a change in existing covenants. As of December 31, 2024, a total of \$16.5 million was outstanding under the long-term loan.

We are a party to an additional short-term credit facility with an Israeli bank with commitments totalling \$15 million. This short-term credit facility bears a prime based variable interest rate. As of December 31, 2024, a total of \$6.3 million was outstanding under the short-term credit facility.

In December 2024, we received a loan in an amount of NIS 21 million from an Israeli bank. The loan is repaid in quarterly installments over a period of six years commencing on the date of its receipt, and bears a prime based variable interest rate.

The financing arrangements described above required us to accept customary restrictive covenants that limit our ability to pay dividends, repurchase our ordinary shares and incur or guarantee indebtedness.

In May 2020 we received a state-guaranteed long-term loan totalling NIS 15 million from an Israeli bank. The loan bears a prime based variable interest rate and is repayable in 48 equal monthly installments beginning May 2021. As of December 31, 2024, a total of NIS 0.38 million was outstanding under this long-term loan.

As of December 31, 2024, a wholly owned subsidiary of the Company had an outstanding short-term loan of \$2 million (NIS 7.2 million) from an Israeli bank. The short-term loan bears variable interest rate. The loan is renewed monthly at the Company's sole discretion.

In August 2023, we filed with the ISA a shelf prospectus (the "Shelf Prospectus"). Such Shelf Prospectus allows the Company to raise funds from time to time through the offering and sale of various securities including debt and equity, in Israel, at the discretion of the Company. Any offering of these securities will be made pursuant to filing a supplemental shelf offering report which will describe the terms of the securities being offered and the specific terms of the offering. On February 9, 2025, at the Company's request, the ISA extended the term of the Shelf Prospectus through August 23, 2025.

On February 13, 2025, we announced that we are considering, and our board of directors has authorized our management to prepare for, an offering of warrants and notes in Israel. In preparation therefor, we filed with the ISA a draft deed of trust and summaries of the terms of the notes. The timing, terms and the amount to be raised in such offering have not been determined and are subject to further approval by the Company's board of directors, the ISA and the Tel Aviv Stock Exchange. There is no assurance that the offering will be completed. The warrants and notes, if offered, will not be registered under the Securities Act.

In October 2023, we filed with the SEC a Registration Statement on Form F-3 (the "Registration Statement"). Such Registration Statement allows us to raise from time to time up to \$70,000,000 through the offering and sale of various securities including debt and equity, at the discretion of the Company. The Registration Statement also provided for the offer and sale by certain selling shareholders of up to 1,294,219 ordinary shares, in the aggregate, from time to time in one or more offerings, but we are not entitled to any funds raised from such sales. On March 12, 2024, we completed an underwritten public offering of 3,600,000 ordinary shares under the Registration Statement, in which we sold 2,600,000 ordinary shares (including the overallotment option), and certain selling shareholders offered and sold a total of 1,000,000 ordinary shares (the proceeds of which were paid to the selling shareholders). The offering utilized approximately \$67.6 million of the Company's availability under the Registration Statement, and resulted in net proceeds to the Company of approximately \$62.4 million, after deducting the underwriting discount and fees and offering expenses payable by the Company.

Any offering under either the Shelf Prospectus or the Registration Statement would comply with the registration requirements under the Securities Act and any applicable U.S. state securities laws or, alternatively, utilize an applicable exemption from any such registration, as the case may be.

We believe that our existing cash and cash equivalents and short-term bank deposits, together with cash flow from operations, will be sufficient to support our liquidity and capital requirements for at least the next 12 months from the date of this Annual Report. Our future capital requirements will depend on many factors, including our revenue growth, the expansion of sales and marketing activities, increases in general and administrative costs and many other factors, including those described above in "Factors Affecting our Performance". We may, in the future, enter into additional arrangements to acquire or invest in complementary businesses, which could increase our cash requirements.

We may be required to seek additional equity or debt financing. In the event we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital when required or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would adversely affect our business, financial condition and results of operations.

C. Research and Development, Patents and Licenses, etc.

See “Item 4. Information on the Company—B. Business Overview—Intellectual Property” and “Item 5. Operating and Financial Review and Prospects—A. Operating Results.”

D. Trend Information

See “Item 5. Operating and Financial Review and Prospects—A. Operating Results.”

E. Critical Accounting Estimates

Our consolidated financial statements are prepared in conformity with IFRS, as issued by the IASB. In preparing our consolidated financial statements, we make judgements, estimates and assumptions about the application of our accounting policies which affect the reported amounts of assets, liabilities, revenue and expenses. Our critical accounting judgements and sources of estimation uncertainty are described in Note 3 to our consolidated financial statements, which are included elsewhere in this annual report.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table presents information about our current directors and executive officers.

Name	Position(s)	Age
Directors		
Yair Nechmad	Co-Founder, Chairman and Chief Executive Officer	62
David Ben-Avi	Co-Founder, Chief Technology Officer and Director	51
Rina Shafir	Director	61
Vered Raz Avayo	Director	55
Nir Dor	Director	61
Reuven Ben Menachem	Director	64
Eran Havshush	Director	49
Executive Officers		
Sagit Manor	Chief Financial Officer	52
Oren Tepper	Chief Commercial Officer	53
Keren Sharir	President and Chief Marketing Officer	45
Tami Erel	Chief Business Operations Officer	49
Gal Omer	Chief Legal Officer	42
Oded Frenkel	Chief Customer Officer	44
Moshe Shmaryahu	Chief Information Officer	57
Yaron Aharon	Chief Operating Officer	58
Aaron Greenberg	Chief Strategy Officer	30
Erez Aminpour	Chief Product Officer	42
Eden Zafrani	Chief Human Resources Officer	43

The following is a brief summary of the business experience of our directors and executive officers. Unless otherwise indicated, the current business addresses for our directors and executive officers is 3 Arik Einstein Street, Bldg. B, 1st Floor, Herzliya 4659071, Israel.

Directors

Yair Nechmad. Mr. Nechmad has served as our Chief Executive Officer and Chairman of our board of directors since 2005. Before co-founding Nayax in 2005, Mr. Nechmad served as Managing Director at Eden Springs Israel from 2000 to 2004. Mr. Nechmad also previously served as Vice President of Marketing at Eden Springs Group from 1998 to 2000, where he was responsible for the brand development across Israel and Europe. Prior to that, Mr. Nechmad was the advertising manager at the Central Bottling Co. Ltd., a Coca-Cola manufacturer in Israel, from 1990 to 1998. Mr. Nechmad holds a Bachelor of Science degree in political science from Tel Aviv University.

David Ben-Avi. Mr. Ben-Avi has served as our Chief Technology Officer and a member of our board of directors since 2005. Prior to co-founding Nayax in 2005, Mr. Ben-Avi served in and held various positions at a number of technology start-ups between 1998 and 2006. Mr. Ben-Avi holds a bachelor’s degree in Business Administration from Derby University and has a certificate in real estate appraisal from The College of Management Academic Studies.

Rina Shafir. Ms. Shafir has served as a member of our board of directors since 2021. Ms. Shafir also currently serves as an independent director and chairperson of the audit committee for IBI Investment House Ltd., Shlomo Real Estate Ltd and Biolight Life Sciences Ltd. She also serves as an independent director and chairperson of the finance committee of Almeda Ventures, and as an independent director of Sunflower Sustainable Industries Ltd., Ackerstein Group Ltd. and Yahav Educational Fund & Savings for Physicians Ltd. Ms. Shafir is a member of Investment Committee of Israel's Sovereign Wealth Fund (The Israeli Citizens' Fund). Ms. Shafir has also previously served as an independent director and chairperson of the investment committee at Analyst Provident Funds Ltd. and as an independent director of Biolight Life Sciences Ltd., Kesem ETFs Ltd., Clal Finance Ltd. and Gamatronic Industries Ltd. Ms. Shafir has previously served as senior vice president at the Tel Aviv Stock Exchange Ltd, Head of the Trading Department and Clearing Houses until 2012 and CEO at Impact—Investments Portfolio Management Ltd., a subsidiary of Union Bank. Ms. Shafir holds a Bachelor of Arts in economics and an MBA from the University of Tel Aviv.

Vered Raz Avayo. Ms. Avayo has served as a member of our board of directors since 2021. Ms. Raz Avayo currently serves as CEO of Amor Business Development and Consulting Ltd. and as a director of Apollo Power Ltd. (TASE: APLP) and Foresight Autonomous Holdings Ltd. (Nasdaq: FRSX). Ms. Raz Avayo previously served as chief financial officer of the Leviev Group, and as a director of several publicly traded companies, with managerial and consulting experience in finance encompassing a wide range of industries in Israel and overseas, including real estate investment, capital markets, retail, diamonds, jewelry, and aviation and from 2021 to January 2022 served as chief financial officer of Save Foods Inc. (Nasdaq: SVFD). Ms. Raz Avayo holds a degree in Business Administration from The College of Management Academic Studies and a Master of Fine Arts from the University of Tel Aviv.

Nir Dor. Mr. Dor has served as a member of our board of directors since December 2022. Since 2014, Mr. Dor has served as Managing Partner of NET Capital Ventures, a private investment fund focused on high-tech, start-up companies in the fields of health, tourism and software. He currently serves on the board of directors of five of NET Capital Ventures' privately owned portfolio companies. Mr. Dor previously served as chairman of the board of Cargal Ltd., board member of BVR Systems and CEO and then board member of Eden Springs. He received an accounting and finance degree from the College of Management Academic Studies in Rishon LeZion, Israel and is licensed as a CPA in Israel (inactive).

Reuven Ben Menachem. Mr. Ben Menachem has served as a member of our board of directors since 2021. Mr. Ben Menachem is the founder and former chief executive officer of Fundtech, a leading global provider of software to the fintech industry. Mr. Ben Menachem currently serves as the chairman of several boards of directors of fintech companies as well as social ventures.

Eran Havshush. Mr. Havshush has served as a member of our board of directors since July 2024. Mr. Havshush served as an independent director at Boymelgreen Capital Ltd. (an Israeli public company) from 2012 until 2014. He has served as a partner in A. Omer & Co., an Israeli accounting firm, since 2002, and has acted as a consultant to the Company since 2012, providing services related to taxation, capital investments and other financial and accounting matters. Mr. Havshush also served as the Company's auditor from 2006 to 2009. Mr. Havshush is a certified public accountant and holds a Bachelor of Arts degree in Economics and Accounting and a Master of Business Administration specializing in finance, both from Bar-Ilan University in Ramat Gan, Israel.

Executive Officers

Sagit Manor. Ms. Manor has served as our Chief Financial Officer since 2021. Prior to joining Nayax, Ms. Manor served for four years as chief executive officer and chief financial officer of Nyotron, an information-security company. Prior to Nyotron, Ms. Manor served as vice president of finance and chief financial officer of Verifone, Inc., a financial technology manufacturing company. Ms. Manor currently serves as a director of Tigo Energy Inc. (Nasdaq: TYGO). Ms. Manor is a certified public accountant and holds a Bachelor of Arts degree in Business and Accounting from the College of Management Academic Studies in Rishon LeZion, Israel.

Oren Tepper. Mr. Tepper has served as our Chief Commercial Officer since January 2023. Mr. Tepper has over a decade of experience as sales executive at various companies. Prior to joining us, he served as SVP Global Sales at Space Communications Ltd. (TSE: SCC) from January 2020 until January 2023, as Regional Sales Director Latin America and Africa at CyberGym Control Ltd. in 2019, and as VP Sales Africa at Space Communications Ltd. from January 2017 until December 2018 (TSE: SCC).

Keren Sharir. Ms. Sharir has served as our President since August 2024 and Chief Marketing Officer since 2014. Ms. Sharir holds a Bachelor of Science degree in mathematics and computer science from the University of Haifa. Prior to that, Ms. Sharir served as a marketing executive in a few high-tech companies and held strategic managerial role in an Israeli consulting company and Israeli Government office in New York.

Tami Erel. Ms. Erel has served as our Chief Business Operations officer since 2017. Ms. Erel previously served as our vice president of payment operations from 2015 to 2017. Prior to joining Nayax, she worked at Eden Springs as the group FP&A. Ms. Erel holds Bachelor of Arts degrees in business and economics from the College of Management Academic Studies. She also holds a Master of Laws from Bar Ilan University.

Oded Frenkel. Mr. Frenkel has served as our Chief Customer Officer since 2016. Mr. Frenkel has also previously served as our integration manager. Mr. Frenkel holds a Bachelor of Science degree in engineering from Sapir College.

Gal Omer. Ms. Omer has served as our Chief Legal Officer since August 2023. Ms. Omer previously served as our Chief Compliance Officer and Co-Head of the Legal Department from June 2021 until August 2023. Prior to joining Nayax, Ms. Omer served as a partner in Amit, Pollak, Matalon & co. law firm, specializing in privacy protection, high-tech and intellectual property. Pro Bono, Ms. Omer served in several positions in the International Association of Privacy Professionals. Ms. Omer holds a law degree from the Hebrew University of Jerusalem, a Bachelor of Arts degree in International Relations and Philosophy from the Hebrew University of Jerusalem, and a Graduate Certificate in Cyber Security from Harvard Extension School.

Moshe Shmaryahu. Mr. Shmaryahu has served as our Chief Information Officer since November 2023. Prior to joining Nayax, Mr. Shmaryahu served for 11 years as Chief Operating Officer and Senior Director of Operations and Infrastructure at the Union Bank of Israel, the sixth largest Israeli bank. He also served as Chief Operating Officer, Head of Control and Operation Branch at 'Mamram', the Center of Computers and Information Systems, which is responsible for managing military software and computer infrastructure for the telecommunications and information technology unit of the Israel Defense Forces. Prior to that, he served as Head of the Development Branch at 'LOTEN', the Israel Defense Forces' technology and information system division, from 2006 to 2009, and at various other capacities for this unit since 1998. Mr. Shmaryahu also served as Head of Software Training for software officers at the C4I National School of the Israel Defense Forces from 2005 to 2006. Mr. Shmaryahu holds a Bachelor of Science in Computer Science and Mathematics from Bar-Ilan University in Ramat Gan, Israel and a Master of Business Administration from Ben Gurion University of the Negev in Be'er Sheva, Israel.

Yaron Aharon. Mr. Aharon has served as our Chief Operating Officer since March 2023. Prior to joining Nayax, Mr. Aharon served as Chief Operating Officer at Orpak Systems, part of the Gilbarco Veeder-Root Group, which specializes in payment solutions for fleet management, fuel and retail. Mr. Aharon holds a Bachelor of Science in Industrial Management and an MBA from the Technion – Israeli Institute of Technology.

Aaron Greenberg. Mr. Greenberg has served as our Chief Strategy Officer since February 2024 and as CoinBridge's CEO since January 2025. Mr. Greenberg spent his career on Wall Street with experience across a variety of areas including investing, banking, trading, regulatory, risk, strategy and tax. Prior to joining Nayax, Mr. Greenberg spent two years as managing partner of Tiberius Capital Markets, a division of Arcadia Securities ("Tiberius"), a strategic advisory and M&A practice. While at Tiberius, Mr. Greenberg served as a financial and strategic advisor to Nayax, leading the Company's recent acquisition of Retail Pro as well as other strategic initiatives within the Company. Prior to Tiberius, Mr. Greenberg served on the investment team of Lucerne Capital Management, a 20-year-old hedge fund specializing in European mid-cap equities. Concurrently, Mr. Greenberg was Chief Strategy Officer of European Sustainable Growth Acquisition Corp., a U.S.-listed SPAC focused on ESG investing in Europe. Prior to this, Mr. Greenberg held various positions at Wells Fargo Bank and its affiliates, most recently as a portfolio manager evaluating operational inefficiencies and credit policy within the Corporate Investment Bank (CIB). Mr. Greenberg holds a Bachelor of Arts in Economics and History from Yale University in New Haven, CT.

Erez Aminpour. Mr. Aminpour has served as our Chief Product Officer since June 2024. Mr. Aminpour previously served as our VP Payment Solutions from 2022 to 2024, and prior to that as our Head of Payment Solutions from 2019 to 2022. Prior to joining Nayax, Mr. Aminpour served as senior project manager for SHVA, an automated bank services company, as a project and product manager, and analyst at Leumi Card and in various positions with the Israeli Defense Forces, including product manager at HATAL, the ground forces' technology unit. Mr. Aminpour holds a Master of Business Administration from Tel Aviv University and a Bachelor of Science in both information system engineering and information technology from the Technion – Israeli Institute of Technology in Haifa, Israel.

Eden Zafrani. Mr. Zafrani has served as our Chief Human Resources Officer since June 2024. Prior to joining Nayax, Mr. Zafrani served as head of the commander's training department at the city of training bases of the Israeli Defense Forces from 2021 to 2024. Prior to that, Mr. Zafrani served various human resources roles in the Israeli Defense Forces for approximately 20 years. Mr. Zafrani holds a Bachelor of Science in psychology, sociology and anthropology from Bar-Ilan University in Tel Aviv and a Master of Business Administration in both business management and technological entrepreneurship from Ono Academic College in Kiryat Ono, Israel.

B. Compensation

Compensation of Directors and Executive Officers

In the year ended December 31, 2024, we recorded aggregate compensation costs of approximately \$6.28 million, including share-based compensation, to all our directors and executive officers as a group.

Presented below is a description of the compensation payments made during the year ended December 31, 2024, as recognized in our audited consolidated financial statements for the year then ended, to each of the five highest compensated executive officers of the Company or of corporations under its control (in terms of cost to the Company):

		Remuneration for services ⁽¹⁾						
Name	Position	Scope of employment	Salary	Bonus	Share-based payment	Management fees	Consulting fees	Total
In thousands								
Yair Nechmad	Co-Founder, Chairman and Chief Executive Officer	100%	\$ 483	—	\$ 811	—	—	\$ 1,294
David Ben-Avi	Co-Founder, Chief Technology Officer and Director	100%	\$ 483	—	\$ 811	—	—	\$ 1,294
Sagit Manor	Chief Financial Officer	100%	\$ 317	73	\$ 243	—	—	\$ 633
Carly Furman	General Manager, North America	100%	\$ 508	—	\$ 80	—	—	\$ 588
Keren Sharir	President and Chief Marketing Officer	100%	\$ 277	32	\$ 92	—	—	\$ 400

- (1) In accordance with Israeli law and practice, all amounts reported in the above table are in terms of cost to our Company, as recorded in our audited consolidated financial statements. All of the executive officers listed in the above table are full-time employees, except for Yair Nechmad and David Ben-Avi, whose compensation was paid under services agreements we have with them. See “—Services Agreements with our Founders.”

Services Agreements with our Founders

On May 4, 2021, our board of directors and our shareholders approved our entering into services agreements with certain wholly-owned companies of two of our co-founders, Mr. Yair Nechmad, our chairman and chief executive officer, and Mr. David Ben-Avi, a director and our chief technology officer (together, the “Founders Services Agreements”). Pursuant to each such Founders Services Agreement, each of such founders shall provide the Company with consulting and management services for 180 hours per month. Under each Founders Services Agreement, each of such founders is entitled to monthly management fees of NIS 140,000, plus VAT.

Beginning on January 1, 2022, pursuant to the terms of the Founder Services Agreements, the management fee paid to such founders was increased by 2.5% and, pursuant to the Founders Services Agreements, it shall increase each year at such rate. In addition, we issued options to each of such founder (collectively, the “Options”) to purchase 725,000 ordinary shares under our 2018 Plan (as defined below) (as adjusted to give effect to the 2022 Reverse Share Split). The Options vest over a period of five years, subject to satisfying certain Company performance goals related to growth in Company revenues and gross profit as set forth in the Founders Services Agreements, and are exercisable during a five-year period from their vesting date. The exercise price of the Options is NIS 105 per share (after giving effect to the 2022 Reverse Share Split), which was the public offering price of the Company’s ordinary shares in its initial public offering on the TASE in May 2021. As of February 25, 2025, 580,000 of the Options were outstanding and not vested.

In addition, under the Founders Services Agreements, Mr. Nechmad and Mr. Ben-Avi are entitled to certain perquisites such as reimbursement for fuel and vehicle, mobile phone, certain travel and business newspaper expenses. Mr. Nechmad and Mr. Ben-Avi, through their respective companies, are also entitled to a refund of certain other costs incurred in connection with providing consulting and management services to the Company.

Either party can terminate the Founders Services Agreements upon six (6) months' prior notice. During such notice period, the service provider is eligible to receive consideration, provided that during such period the service provider continues to provide services to the Company, at the Company's request.

In addition, each of our founders is entitled, at the Company's expense, to directors and officers liability insurance, and indemnification and exculpation from certain liabilities, as is customary with respect to officers of the Company.

Compensation of our Directors

Our directors, including external directors but excluding directors who are also Officers of the Company, are entitled to receive compensation in accordance with the fixed amounts provided in the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director), 5760-2000, and as amended by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel) 5760-2000, as in effect from time to time. In accordance with such regulations, each such director currently receives an annual fee of NIS 76,888 (equal to approximately \$21,082) and a per meeting fee of NIS 2,863 (equal to approximately \$785). In addition, all of the Company's directors are entitled to benefit from coverage under the Company's directors and officers liability insurance policies and from the letter of indemnification provided to such directors by the Company.

For a discussion of our compensation committee, which we refer to as our remuneration committee, and further discussion regarding the compensation of our directors and executive officers, see "Item 6. Directors, Senior Management and Employees—C. Board Practices" below.

In addition to compensation as a director, Mr. Havshush provides certain services to the Company pursuant to a services agreement. For a description of the terms of the services agreement entered into with Mr. Havshush, see "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Services Agreement with Mr. Havshush" below.

Share Option Plans

Global Equity Incentive Plan (2018)

Our Global Equity Incentive Plan (2018), or the 2018 Plan, was adopted by our board of directors in December 2018 and amended in May 2021. The 2018 Plan provides for the grant of options and restricted stock units ("RSUs") to our employees, officers, directors, consultants and other service providers in order to incentivize them to become, and to remain, employed or engaged by us, encouraging a sense of proprietorship and stimulating active interest in our success.

Authorized Shares. As of December 31, 2024, there were options and RSUs outstanding under the 2018 Plan to purchase approximately 2.44 million ordinary shares. Ordinary shares subject to options and RSUs granted under the 2018 Plan that are not exercised by the grantee within the exercise period and in accordance with the terms of the 2018 Plan shall become available again for future grant under the 2018 Plan.

Administration. Our board of directors, or a duly authorized committee of our board of directors (if appointed) administers the 2018 Plan. Under the 2018 Plan, the board of directors (or an authorized committee) has broad authority to interpret and operate the 2018 Plan, including any award granted thereunder, and any agreements related thereto. In addition, the board of directors is authorized, among other things, to designate participants in the 2018 Plan, determine the type and number of equity based awards, determine the timing of the grants, the vesting schedule and other terms of the awards, and determine any other matter which is necessary or desirable for, or incidental to, the administration of the 2018 Plan and the granting of Awards.

Israeli Tax Routes. The Israeli appendix to the 2018 Plan provides for granting awards under the Israeli tax regime, including, without limitation, in compliance with Section 102 (“Section 102”) of the Israeli Income Tax Ordinance (New Version), 5721-1961 (the “Ordinance”) and Section 3(i) of the Ordinance. Section 102 of the Ordinance allows employees, directors and officers who are not controlling shareholders and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options. Our non-employee service providers and controlling shareholders who are considered Israeli residents may only be granted options under section 3(i) of the Ordinance, which does not provide for similar tax benefits. Section 102 includes two alternatives for tax treatment involving the issuance of options or shares to a trustee for the benefit of the grantees and also includes an additional alternative for the issuance of options or shares directly to the grantee. Section 102(b)(2) of the Ordinance, the most favorable tax treatment for the grantee, permits the issuance to a trustee under the “capital gain track.”

Grants. All options granted pursuant to the 2018 Plan are evidenced by an option agreement in a form approved by the board of directors, which shall set forth the terms and conditions of the option grant, and any other documents required by the Company. Unless otherwise explicitly provided in an award agreement, if any option has not been exercised (including where the shares covered thereby not paid for) within five years after the grant date, as set forth in the award agreement, such option shall terminate and all interests and rights in connection with such options shall expire.

Vesting. Awards for Options shall be exercisable pursuant to the terms under which they were awarded, including the vesting schedule, and subject to the terms and conditions of the 2018 Plan, any applicable appendix and the respective award agreement.

Exercise. An option under the 2018 Plan may be exercised by providing the Company with a written notice of exercise and full payment of the exercise price for such shares with respect to which the option is exercised, in accordance with procedures and payment method determined by the board of directors. In addition, the board of directors may, at its sole discretion, allow grantees a cashless exercise option.

Transferability. Other than by will or the laws of descent or as otherwise provided under the 2018 Plan, neither the options nor any right in connection with such options are assignable or transferable.

Termination of Employment. Upon the termination of a grantee’s employment or service for any reason, all unvested options shall immediately expire and terminate and the shares covered by such options shall again be available for issuance under the 2018 Plan. In the event of termination of a grantee’s employment or service for any reason other than cause or disability (as such terms are defined in the 2018 Plan), or death, all vested and exercisable options held by such grantee as of the relevant date shall remain exercisable until the earlier of: (a) a period of 90 days from the date of termination; or (b) expiration of the term of the option. If a grantee’s employment or services with the Company is terminated for “cause,” all outstanding options held by such grantee (whether vested or unvested) will immediately terminate. If a grantee’s employment or services with the Company is terminated due to such grantee’s death, all vested and exercisable options shall remain exercisable by the grantee’s estate or by a person who acquires the right to exercise the option by bequest or inheritance until the earlier of: (a) a period of 12 months following the grantee’s death; or (b) expiration of the term of the option.

Adjustments. In the event of a share split, reverse share split, share dividend, combination or reclassification of our shares, or distribution of bonus shares, the board of directors shall make a proportionate adjustment in the number of shares related to each outstanding option and to the number of shares reserved for issuance under the 2018 Plan. Such adjustment shall be made by the board of directors, whose determination shall be final and binding. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to an option.

Merger or Acquisition. In the case of certain transactions such as certain mergers, acquisitions or reorganizations, or sales or dispositions of all or substantially all of the shares or assets of the Company, the outstanding (including the unexercised, vested, unvested or restricted in any manner) portion of each outstanding award shall be assumed or substituted with an equivalent award or the right to receive consideration from the acquiring or successor corporation or an affiliate thereof, as shall be determined by such entity and/or the board of directors, subject to the terms of the 2018 Plan. In the event that the successor corporation or any affiliate thereof does not provide for such an assumption and/or substitution of outstanding awards and/or the provision of consideration for outstanding awards, then the board of directors shall have sole and absolute discretion to determine the effect of the transaction on the portion of awards outstanding immediately prior to the effective time of the transaction.

Nayax Ltd. 2013 Share Option Plan

In February 2013 we adopted the Nayax Ltd. 2013 Share Option Plan, or the 2013 Plan, which was amended in May 2021. We currently do not grant, and since 2017 we have not granted, awards under our 2013 Plan. In October 2020 the board of directors extended an offer to participants in our 2013 Plan to roll over their outstanding awards to the 2018 Plan. Following that offer, the board of directors cancelled 249,340 options under the 2013 Plan and replaced them with 246,000 options under the 2018 Plan, as adjusted for the 2022 Reverse Share Split. As of December 31, 2024, there were options to purchase approximately 54,000 ordinary shares outstanding under the 2013 Plan.

Employment Agreements

We have written employment or service agreements with each of our executive officers. These agreements provide for notice periods of varying duration for termination of the agreement by us or by the relevant executive officer, during which time the executive officer will continue to receive salary and benefits. These agreements also contain customary provisions regarding non-competition, non-solicitation, confidentiality of information and assignment of inventions. However, the enforceability of the non-competition provisions may be limited under applicable law.

C. Board Practices

Board of Directors

Under the Companies Law and our amended and restated articles of association, our business and affairs are managed under the direction of our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to executive management. Our chief executive officer (referred to as a “general manager” under the Companies Law) is responsible for our day-to-day management. Our chief executive officer is appointed by, and serves at the discretion of, our board of directors, subject to the employment or services agreement that we have entered into with him. All other executive officers are appointed by the chief executive officer, subject to applicable corporate approvals, and are subject to the terms of any applicable employment or services agreements that we may enter into with them.

Under our amended and restated articles of association, the number of directors on our board of directors (including external directors) is to be no less than three and no more than seven directors.

Our directors, other than external directors, for whom special election requirements apply under the Companies Law, are appointed by a vote of holders of our ordinary shares, participating and voting at an annual general meeting of our shareholders. Each director, aside from our external directors, will hold office until the next annual general meeting of our shareholders, unless the tenure of such director expires earlier pursuant to the Companies Law or unless such director is removed from office as described below.

Rina Shafir and Vered Raz Avayo have served as our external directors since August 2021, and their current terms of office expire in July 2027.

Under our amended and restated articles of association, the approval of the holders of at least a majority of the total voting power of our shareholders is generally required to remove any of our directors (other than the external directors) from office and any amendment to this provision shall require the approval of at least a majority of the total voting power of our shareholders. In addition, vacancies on our board of directors, including a vacancy due to the number of directors being less than the maximum number of directors stated in our amended and restated articles of association, may be filled by our board of directors. A director so appointed will hold office until the next annual general meeting of our shareholders.

Our board of directors has determined that each of Rina Shafir, Vered Raz Avayo, Nir Dor and Reuven Ben Menachem qualifies as an independent director within the meaning of applicable independence standards of Nasdaq and the SEC. We are considered a “foreign private issuer” as such term is defined in Section 405 under the Securities Act and qualify as a “controlled company” as such term is defined in applicable Nasdaq listing rules. Although we do not currently, nor do we presently intend to, rely on either the “foreign private issuer” or the “controlled company” exemption from the Nasdaq listing rule requiring us to maintain a majority of independent directors on our board, we may elect to rely on either exemption in the future.

Chairperson of the Board

Our amended and restated articles of association provide that the chairperson of the board of directors is appointed by the members of the board of directors from among them. Under the Companies Law, the chief executive officer of a public company, or a relative of the chief executive officer, may not serve as the chairperson of the board of directors, and the chairperson of the board of directors, or a relative of the chairperson, may not be vested with authorities of the chief executive officer, unless approved by a special majority of the company’s shareholders. The shareholders’ approval can be provided for a period of five years following an initial public offering, and subsequently, for additional periods of up to three years. Such shareholder approval was obtained prior to our initial public offering on the TASE and therefore Mr. Yair Nechmad may serve as both our chairperson of the board of directors and chief executive officer for a period of five years until May 2026.

In addition, a person who is a subordinate, directly or indirectly, to the chief executive officer may not serve as the chairperson of the board of directors; the chairperson of the board of directors may not be vested with authorities that are granted to the chief executive officer or persons who are subordinate to the chief executive officer; and the chairperson of the board of directors may not serve in any other position in the company or in a controlled subsidiary of the company, but may serve as a director or chairperson of a controlled subsidiary.

External Directors

Under the Companies Law, companies incorporated under the laws of the State of Israel that are “public companies,” including companies with shares listed on Nasdaq and who have a controlling shareholder, are required to appoint at least two external directors.

The provisions of the Companies Law set forth special approval requirements for the election of external directors. External directors must be elected by a majority vote of the shares present and voting at a meeting of shareholders, provided that either:

- such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding abstentions; or
- the total number of shares voted by non-controlling shareholders and by shareholders who do not have a personal interest in the election of the external director against the election of the external director does not exceed 2% of the aggregate voting rights in the company.

The term “controlling shareholder” as used in the Companies Law for purposes of all matters related to external directors and for certain other purposes (such as the requirements related to the composition of the audit committee or compensation committee, as described below), means a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint the majority of the directors of the company or its general manager. With respect to certain matters (including various related party transactions), a controlling shareholder is deemed to include a shareholder that holds 25% or more of the voting rights in a public company if no other shareholder holds more than 50% of the voting rights in the company. For the purpose of determining the holding percentage stated above, two or more shareholders who have a personal interest in a transaction that is brought for the company’s approval are deemed as joint holders.

The initial term of an external director is three years and he or she may be re-elected, subject to certain circumstances and conditions, by the shareholders to serve in that capacity for up to two additional three-year terms. Thereafter, the term of office for external directors for Israeli companies traded on certain foreign stock exchanges, including Nasdaq, may be extended indefinitely in increments of additional three-year terms, in each case provided that the audit committee and the board of directors of the company confirm that, in light of the external director’s expertise and special contribution to the work of the board of directors and its committees, the re-election for such additional period(s) is beneficial to the company, and provided that the external director is re-elected subject to the same shareholder vote requirements (as described below regarding the re-election of external directors). Prior to the approval of the re-election of the external director at a meeting of shareholders, the company’s shareholders must be informed of the term previously served by him or her and of the reasons why the board of directors and audit committee recommend the extension of his or her term.

Re-election of an external director may be effected through one of the following mechanisms:

- (i) his or her service for each such additional term is recommended by the board of directors and is approved at a meeting of shareholders by the same majority required for the initial election of an external director (as described above);
- (ii) his or her service for each such additional term is recommended by one or more shareholders holding at least 1% of the company’s voting rights and is both (a) approved by a majority that includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that voted at the meeting, excluding abstentions, and (b) the total number of shares held by non-controlling, disinterested shareholders voting for such re-election exceeds 2% of the aggregate voting rights in the company, subject to additional restrictions set forth in the Companies Law with respect to affiliations of external director nominees; or
- (iii) the external director proposed his or her own nomination, and such nomination was approved in accordance with the requirements described in the paragraph above.

External directors may be removed from office by an extraordinary meeting of shareholders called by the board of directors, which approves such dismissal by the same shareholder vote percentage required for their election or by a court, in each case, only under limited circumstances where the external director ceased to meet the statutory qualifications for appointment or violated his or her duty of loyalty to the company.

If an external directorship becomes vacant and there are fewer than two external directors on the board of directors at the time, then the board of directors is required under the Companies Law to call a meeting of the shareholders as soon as practicable to appoint a replacement external director. Each committee of the board of directors that exercises the powers of the board of directors must include at least one external director, except that the audit committee and the compensation committee must include all external directors then serving on the board of directors and an external director must serve as chairperson thereof and external directors must constitute a majority of the members of the compensation committee. Under the Companies Law, external directors of a company are prohibited from receiving, directly or indirectly, any compensation from the company other than for their services as external directors pursuant to the Companies Law and the regulations promulgated thereunder. Compensation of an external director is determined prior to his or her appointment and, subject to certain exceptions, may not be changed during his or her term.

The Companies Law provides that a person is not qualified to be appointed as an external director if (i) the person is a controlling shareholder of the company, or (ii) if that person is a relative of a controlling shareholder, or if such person, his or her relative, partner, employer, another person to whom he or she was directly or indirectly subordinate or any entity under the person's control, has or had during the two years preceding the date of appointment as an external director: (a) any affiliation or other disqualifying relationship with the company, with any person or entity controlling the company or a relative of such person or with any entity controlled by or under common control with the company; or (b) in the case of a company with no controlling shareholder or any shareholder holding 25% or more of its voting rights, had at the date of appointment as an external director any affiliation or other disqualifying relationship with a person then serving as chairman of the board or chief executive officer, a holder of 5% or more of the issued share capital or voting power in the company or the most senior financial officer.

The term "relative" is defined in the Companies Law as a spouse, sibling, parent, grandparent or descendant, a spouse's sibling, parent or descendant and the spouse of each of the foregoing persons. Under the Companies Law, the term "affiliation" and the similar types of disqualifying relationships include (subject to certain exceptions):

- an employment relationship;
- a business or professional relationship even if not maintained on a regular basis (excluding insignificant relationships);
- control; and
- service as an office holder, excluding service as a director in a private company prior to the initial public offering of its shares if such director was appointed as a director of the private company in order to serve as an external director following the initial public offering.

The term "office holder" is defined in the Companies Law as a general manager (i.e., chief executive officer), chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of that person's title, a director and any other manager directly subordinate to the general manager.

In addition, no person may serve as an external director if that person's position or professional or other activities create, or may create, a conflict of interest with that person's responsibilities as a director or otherwise interfere with that person's ability to serve as an external director or if the person is an employee of the ISA or an Israeli stock exchange. A person may also not continue to serve as an external director if he or she received direct or indirect compensation from the company including amounts paid pursuant to indemnification or exculpation contracts or commitments and insurance coverage for his or her service as an external director, other than as permitted by the Companies Law and the regulations promulgated thereunder.

Following the termination of an external director's service on a board of directors, such former external director and his or her spouse and children may not be provided a direct or indirect benefit by the company, its controlling shareholder or any entity under its controlling shareholder's control. This includes engagement as an office holder of the company or a company controlled by its controlling shareholder or employment by, or provision of services to, any such company for consideration, either directly or indirectly, including through a corporation controlled by the former external director. This restriction extends for a period of two years with regard to the former external director and his or her spouse or child and for one year with respect to other relatives of the former external director.

If at the time at which an external director is appointed all members of the board of directors who are not controlling shareholders or relatives of controlling shareholders of the company are of the same gender, the external director to be appointed must be of the other gender. A director of one company may not be appointed as an external director of another company if a director of the other company is acting as an external director of the first company at such time.

According to the Companies Law and the regulations promulgated thereunder, a person may be appointed as an external director only if he or she has professional qualifications or if he or she has accounting and financial expertise (each, as defined below); provided that at least one of the external directors must be determined by our board of directors to have accounting and financial expertise. However, if at least one of our other directors (i) meets the independence requirements under the Exchange Act, (ii) meets the independence requirements of rules for membership on the audit committee and (iii) has accounting and financial expertise as defined under the Companies Law, then neither of our external directors is required to possess accounting and financial expertise as long as each possesses the requisite professional qualifications. A director with accounting and financial expertise is a director who, due to his or her education, experience and skills, possesses an expertise in, and an understanding of, financial and accounting matters and financial statements, such that he or she is able to understand the financial statements of the company and initiate a discussion about the presentation of financial data. A director is deemed to have professional qualifications if he or she has any of the following: (i) an academic degree in economics, business management, accounting, law or public administration, (ii) an academic degree or has completed another form of higher education in the primary field of business of the company or in a field which is relevant to his or her position in the company or (iii) at least five years of experience serving in one of the following capacities or at least five years of cumulative experience serving in two or more of the following capacities: (a) a senior business management position in a company with a significant volume of business, (b) a senior position in the company's primary field of business or (c) a senior position in public administration or service. The board of directors is charged with determining whether a director possesses financial and accounting expertise or professional qualifications.

Committees of the Board of Directors

Audit Committee

Under the Companies Law, the board of directors of a public company must appoint an audit committee. The audit committee must be comprised of at least three directors, including all of the external directors, one of whom must serve as chairperson of the committee. The audit committee may not include the (i) chairperson of the board; (ii) a controlling shareholder of the company; (iii) a relative of a controlling shareholder; (iv) a director employed by or providing services on a regular basis to the company, to a controlling shareholder or to an entity controlled by a controlling shareholder; or (v) a director who derives most of his or her income from a controlling shareholder. In addition, under the Companies Law, the audit committee of a publicly traded company must consist of a majority of unaffiliated directors. In general, an "unaffiliated director" under the Companies Law is defined as either an external director or as a director who meets the following criteria:

- he or she meets the qualifications for being appointed as an external director, except for the requirement (i) that the director be an Israeli resident (which does not apply to companies such as ours whose securities have been offered outside of Israel or are listed for trading outside of Israel) and (ii) for accounting and financial expertise or professional qualifications; and
- he or she has not served as a director of the company for a period exceeding nine consecutive years. For this purpose, a break of less than two years in his or her service as a director shall not be deemed to interrupt the continuity of the service.

Each member of our audit committee (each, as identified in the second paragraph under "—Listing Requirements" below) is an unaffiliated director under the Companies Law, thereby fulfilling the foregoing Israeli law requirement for the composition of the audit committee.

Listing Requirements

Under the corporate governance rules of Nasdaq, we are required to maintain an audit committee consisting of at least three independent directors, each of whom is financially literate and one of whom has accounting or related financial management expertise.

Our audit committee consists of Vered Raz Avayo, Rina Shafir and Nir Dor, with Vered Raz Avayo serving as the chairperson of the committee. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the corporate governance rules of Nasdaq. Our board of directors has determined that each member of our audit committee is an audit committee financial expert as defined by the SEC rules and has the requisite financial experience as defined by the corporate governance rules of Nasdaq.

Our board of directors has determined that each member of our audit committee is “independent” as such term is defined in Rule 10A-3(b)(1) under the Exchange Act, which is in addition to the general test for independence of board and committee members, which is described in “Item 16G. Corporate Governance”.

Audit Committee Role

Our board of directors has adopted an audit committee charter setting forth the responsibilities of the audit committee, consistent with the Companies Law, SEC rules and the corporate governance rules of Nasdaq, which include among others:

- retaining and terminating our independent auditors, subject to ratification by the board of directors, and in the case of retention, to ratification by the shareholders;
- pre-approving audit and non-audit services to be provided by the independent auditors and related fees and terms;
- overseeing the accounting and financial reporting processes of the Company and audits of our financial statements, the effectiveness of our internal control over financial reporting and making such reports as may be required of an audit committee under the rules and regulations promulgated under the Exchange Act;
- reviewing with management and our independent auditor our annual and interim financial statements prior to publication or filing (or submission, as the case may be) to the SEC;
- recommending to the board of directors the retention and termination of the internal auditor and the internal auditor’s engagement fees and terms, in accordance with the Companies Law, approving the yearly or periodic work plan proposed by the internal auditor and examining whether the internal auditor was afforded all required resources to perform its role;
- reviewing with our general counsel and/or external counsel, as deemed necessary, legal and regulatory matters that could have a material impact on the financial statements;
- identifying irregularities in our business administration by, among other things, consulting with the internal auditor or with the independent auditor, and suggesting corrective measures to the board of directors;
- reviewing policies and procedures with respect to transactions between the Company and officers and directors (other than transactions related to the compensation or terms of service of the officers and directors), or affiliates of officers or directors, or transactions that are not in the ordinary course of the Company’s business and deciding whether to approve such acts and transactions if so required under the Companies Law; and
- establishing procedures for the handling of employees’ complaints as to the management of our business and the protection to be provided to such employees.

Remuneration Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must appoint a compensation committee. The Companies Law provides that a compensation committee be comprised of at least three directors, including all of the external directors, who must constitute a majority of the members of the compensation committee. The chairperson of the compensation committee must be an external director. Each compensation committee member who is not an external director must be a director whose compensation does not exceed an amount that may be paid to an external director. The compensation committee is subject to the same Companies Law restrictions as the audit committee as to who may not be a member of the compensation committee. Each member of our compensation committee, which we refer to as our remuneration committee (each, as identified in the second paragraph under “—Listing Requirements” below), fulfills the foregoing Israeli law requirements related to the composition of the compensation committee.

Listing Requirements

Under the corporate governance rules of Nasdaq, we are required to maintain a compensation committee consisting of at least two independent directors.

Our remuneration committee consists of Rina Shafir, Vered Raz Avayo and Nir Dor, with Rina Shafir serving as chairperson of the committee. Our board of directors has determined that each member of our remuneration committee is independent under the corporate governance rules of Nasdaq, including the additional independence requirements applicable to the members of a compensation committee.

Remuneration Committee Role

In accordance with the Companies Law, the roles of our remuneration committee are, among others, as follows:

- recommending to the board of directors the approval of the compensation policy for office holders and, once every three years, regarding any extensions to a compensation policy that was adopted for a period of more than three years;
- monitoring the implementation of the compensation policy and periodically making recommendations to the board of directors with respect to any amendments or updates of the compensation policy;
- resolving whether or not to approve arrangements with respect to the terms of office and employment of office holders; and
- exempting, under certain circumstances, transactions with our chief executive officer from the approval of our shareholders.

Our board of directors has adopted a remuneration committee charter setting forth the responsibilities of the committee, consistent with the Companies Law and the corporate governance rules of Nasdaq, which include among others:

- from time to time, reviewing the implementation of our compensation policy in accordance with the requirements of the Companies Law as well as other compensation policies, incentive-based compensation plans and equity-based compensation plans (insofar as these relate to office holders in the Company), and overseeing the development and implementation of such policies and recommending to our board of directors any amendments or modifications the committee deems appropriate, including as required under the Companies Law;
- reviewing and approving the employment terms of our office holders, including granting of options and other incentive awards and reviewing and approving corporate goals and objectives relevant to the compensation of our executive officers, including evaluating their performance in light of such goals and objectives; and
- approving and exempting certain transactions regarding office holders' compensation pursuant to the Companies Law.

Compensation Policy under the Companies Law

Under the Companies Law, a public company must have a compensation policy approved by its board of directors after receiving and considering the recommendations of the compensation committee. In addition, the compensation policy must be approved at least once every three years, first, by the board of directors, upon recommendation of the compensation committee, and second, by a simple majority of the ordinary shares present, in person or by proxy, and voting at a shareholders meeting, provided that either:

- such majority includes at least a majority of the shares held by shareholders who are not controlling shareholders and shareholders who do not have a personal interest in such compensation policy which voted at the meeting, disregarding abstentions; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the compensation policy and who vote against the policy, does not exceed 2% of the aggregate voting rights in the company.

Under special circumstances, the board of directors may approve the compensation policy despite the objection of the shareholders provided that the compensation committee and then the board of directors decide, on the basis of detailed grounds and after further discussion of the compensation policy, that approval of the compensation policy, despite the objection of the shareholders, is for the benefit of the company.

If a company adopts a compensation policy in advance of its initial public offering, and describes it in its prospectus for such offering, then such compensation policy shall be deemed a validly adopted policy in accordance with the Companies Law requirements described above, and it will remain in effect for a term of five years from the date such company becomes a public company. In connection with our initial public offering on the TASE, we adopted a compensation policy, which will be in effect for five years ending in May 2026.

The compensation policy must be based on certain considerations, include certain provisions and reference certain matters as set forth in the Companies Law.

The compensation policy serves as the basis for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must be determined and later reevaluated according to certain factors, including: the advancement of the company's objectives, business plan and long-term strategy; the creation of appropriate incentives for office holders, while considering, among other things, the company's risk management policy; the size and the nature of the company's operations; and with respect to variable compensation, the contribution of the office holder towards the achievement of the company's long-term goals and the maximization of its profits, all with a long-term objective and according to the position of the office holder. The compensation policy must furthermore consider the following additional factors:

- the education, skills, experience, expertise and accomplishments of the relevant office holder;
- the office holder's position and responsibilities;
- prior compensation agreements with the office holder;
- the ratio between the cost of the terms of employment of an office holder and the cost of the employment of other employees of the company, including employees employed through contractors who provide services to the company, in particular the ratio between such cost to the average and median salary of such employees of the company, as well as the impact of disparities between them on the work relationships in the company;
- if the terms of employment include variable components—the possibility of reducing variable components at the discretion of the board of directors and the possibility of setting a limit on the value of non-cash variable equity-based components; and
- if the terms of employment include severance compensation—the term of employment or office of the office holder, the terms of the office holder's compensation during such period, the company's performance during such period, the office holder's individual contribution to the achievement of the company goals and the maximization of its profits and the circumstances under which he or she is leaving the company.

The compensation policy must also include, among other things:

- with regard to variable components:
 - with the exception of office holders who report to the chief executive officer, a means of determining the variable components on the basis of long-term performance and measurable criteria; provided that the company may determine that an immaterial part of the variable components of the compensation package of an office holder shall be awarded based on non-measurable criteria, or if such amount is not higher than three months' salary per annum, taking into account such office holder's contribution to the company; and
 - the ratio between variable and fixed components, as well as the limit of the values of variable components at the time of their payment, or in the case of equity-based compensation, at the time of grant.
- a claw-back provision under which the office holder will return to the company, according to conditions to be set forth in the compensation policy, any amounts paid as part of the office holder's terms of employment, if such amounts were paid based on information later discovered to be wrong, and such information was restated in the company's financial statements;

- the minimum holding or vesting period of variable equity-based components to be set in the terms of office or employment, as applicable, while taking into consideration long-term incentives; and
- a limit to retirement grants.

Our compensation policy is designed to promote retention and motivation of directors and executive officers, incentivize superior individual excellence, align the interests of our directors and executive officers with our long-term performance and provide a risk management tool. To that end, a portion of our executive officer compensation package is targeted to reflect our short- and long-term goals, as well as the executive officer's individual performance. On the other hand, our compensation policy includes measures designed to reduce the executive officer's incentives to take excessive risks that may harm us in the long-term, such as limits on the value of cash bonuses and equity-based compensation, limitations on the ratio between the variable and the total compensation of an executive officer and minimum vesting periods for equity-based compensation.

Our compensation policy also addresses our executive officers' individual characteristics (such as their respective position, education, scope of responsibilities and contribution to the attainment of our goals) as the basis for compensation variation among our executive officers and considers the internal ratios between compensation of our executive officers and directors and other employees. Pursuant to our compensation policy, the compensation that may be granted to an executive officer may include: base salary, annual bonuses and other cash bonuses (such as a signing bonus and special bonuses with respect to any special achievements, such as outstanding personal achievement, outstanding personal effort or outstanding company performance), equity-based compensation, benefits and retirement and termination of service arrangements. All cash bonuses are limited to a maximum amount linked to the executive officer's base salary.

An annual cash bonus may be awarded to executive officers upon the attainment of pre-set periodic objectives and individual targets. The annual cash bonus that may be granted to our executive officers other than our chief executive officer will be based on performance objectives and a discretionary evaluation of the executive officer's overall performance by our chief executive officer and may be subject to minimum thresholds. The annual cash bonus that may be granted to executive officers other than our chief executive officer may alternatively be based entirely on a discretionary evaluation. Furthermore, our chief executive officer will be entitled to approve performance objectives for executive officers who report to him.

The measurable performance objectives of our chief executive officer will be determined annually by our remuneration committee and board of directors. A non-material portion of the chief executive officer's annual cash bonus, as provided in our compensation policy, may be based on a discretionary evaluation of the chief executive officer's overall performance by our remuneration committee and the board of directors.

The equity-based compensation under our compensation policy for our executive officers (including members of our board of directors) is designed in a manner consistent with the underlying objectives in determining the base salary and the annual cash bonus, with its main objectives being to enhance the alignment between the executive officers' interests with our long-term interests and those of our shareholders and to strengthen the retention and the motivation of executive officers in the long term. Our compensation policy provides for executive officer compensation in the form of share options or other equity-based awards, such as restricted shares and RSUs, in accordance with our equity incentive plan then in place. All equity-based incentives granted to executive officers shall be subject to vesting periods in order to promote long-term retention of the awarded executive officers. The equity-based compensation shall be granted from time to time and be individually determined and awarded according to the performance, educational background, prior business experience, qualifications, role and the personal responsibilities of the executive officer.

In addition, our compensation policy contains compensation recovery, or claw-back, provisions which allow us under certain conditions to recover bonuses paid in excess, enables our chief executive officer to approve an immaterial change to the terms of employment of an executive officer who reports directly to him or her (provided that the changes of the terms of employment are in accordance with our compensation policy) and allows us to exculpate, indemnify and insure our executive officers and directors to the maximum extent permitted by Israeli law, subject to certain limitations set forth therein.

Our compensation policy also provides for compensation to the members of our board of directors as follows:

(i) to the external directors, in accordance with the amounts provided in the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director) 5760-2000, and as amended by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel) 5760-2000, as in effect from time to time, and

(ii) to the non-employee directors, in accordance with the amounts determined in our compensation policy.

Our compensation policy is filed as an exhibit to this annual report.

Clawback Policy

The Company has adopted a policy for recovery of erroneously awarded compensation, or clawback policy, that complies with the SEC rules for Nasdaq listed companies. Our clawback policy was filed as Exhibit 97.1 to the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2023.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Yair Nechmad, David Ben-Avi and Reuven Ben Menachem, with Yair Nechmad serving as chairperson of the committee. Our board of directors has adopted a nominating and corporate governance committee charter setting forth the responsibilities of the committee, which include among others:

- overseeing and assisting our board in reviewing and recommending nominees for election as directors;
- assessing the performance of the members of our board; and
- establishing and maintaining effective corporate governance policies and practices.

Compensation of Directors and Executive Officers

Directors. Under the Companies Law, the compensation of our directors requires the approval of the compensation committee, the subsequent approval of the board of directors and, unless exempted under regulations promulgated under the Companies Law, the approval of our shareholders at a general meeting. If the compensation of our directors is inconsistent with our stated compensation policy, then, those provisions that must be included in the compensation policy according to the Companies Law must have been considered by the compensation committee and board of directors, and shareholder approval will also be required, provided that:

- at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such matter, present and voting on such matter, are voted in favor of the compensation package, excluding abstentions; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such matter voting against the compensation package does not exceed 2% of the aggregate voting rights in the Company.

Executive officers other than the Chief Executive Officer. The Companies Law requires the approval of the compensation of a public company's executive officers (other than the chief executive officer) in the following order: (i) the compensation committee, (ii) the company's board of directors, and (iii) if such compensation arrangement is inconsistent with the company's stated compensation policy, the company's shareholders (by a special majority vote as discussed above with respect to the approval of director compensation that is inconsistent with the compensation policy). However, if the shareholders of the company decline to approve a compensation arrangement with an executive officer that is inconsistent with the company's stated compensation policy, the compensation committee and board of directors may override the shareholders' decision if each of the compensation committee and the board of directors provide detailed reasons for their decision.

An amendment to an existing arrangement with an office holder requires only the approval of the compensation committee, if the compensation committee determines that the amendment is not material in comparison to the existing arrangement. However, according to regulations promulgated under the Companies Law, an amendment to an existing arrangement with an office holder (who is not a director) who is a subordinate to the chief executive officer shall not require the approval of the compensation committee, if (i) the amendment is approved by the chief executive officer, (ii) the company's compensation policy provides that a non-material amendment to the terms of service of an office holder (other than the chief executive officer) may be approved by the chief executive officer and (iii) the engagement terms are consistent with the company's compensation policy.

Chief Executive Officer. Under the Companies Law, the compensation of a public company's chief executive officer is required to be approved by: (i) the company's compensation committee; (ii) the company's board of directors, and (iii) the company's shareholders (by a special majority vote as discussed above with respect to the approval of director compensation). The approval of each of the compensation committee and the board of directors should be in accordance with the company's stated compensation policy; however, in special circumstances, they may approve compensation terms for the company's chief executive officer that are inconsistent with such policy provided that they have considered those provisions that must be included in the compensation policy according to the Companies Law and that shareholder approval was obtained (by a special majority vote as discussed above with respect to the approval of director compensation). However, if the shareholders of the company decline to approve the compensation arrangement with the chief executive officer, the compensation committee and board of directors may override the shareholders' decision if each of the compensation committee and the board of directors provide a detailed report for their decision. In addition, the compensation committee may waive the shareholder approval requirement with regard to the approval of the engagement terms of a candidate for the chief executive officer position if they determine that the compensation arrangement is consistent with the company's stated compensation policy, that the chief executive officer candidate did not have a prior business relationship with the company or a controlling shareholder of the company and that subjecting the approval of the engagement to a shareholder vote would impede the company's ability to employ the chief executive officer candidate. In the event that the chief executive officer candidate also serves as a member of the board of directors, his or her compensation terms as chief executive officer will be approved in accordance with the rules applicable to approval of compensation of directors.

Internal Auditor

Under the Companies Law, the board of directors of a public company must appoint an internal auditor based on the recommendation of the audit committee. The role of the internal auditor is, among other things, to examine whether a company's actions comply with applicable law and orderly business procedure. Under the Companies Law, the internal auditor cannot be an interested party or an office holder or a relative of an interested party or an office holder, nor may the internal auditor be the company's independent auditor or its representative. An "interested party" is defined in the Companies Law as: (i) a holder of 5% or more of the issued share capital or voting power in a company, (ii) any person or entity who has the right to designate one or more directors or to designate the chief executive officer of the company, or (iii) any person who serves as a director or as a chief executive officer of the company. Our internal auditor is presently Doron Cohen, of Fahn Kane (Grant Thornton Israel).

Approval of Related Party Transactions under Israeli Law

Fiduciary Duties of Directors and Executive Officers

The Companies Law codifies the fiduciary duties that office holders owe to a company consisting of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of care includes, among other things, a duty to use reasonable means, in light of the circumstances, to obtain:

- information on the advisability of a given action brought for his, her or its approval or performed by virtue of his or her position; and
- all other important information pertaining to such action.

The duty of loyalty requires that an office holder act in good faith and in the best interests of the company and includes, among other things, to:

- refrain from any act involving a conflict of interest between the performance of his or her duties in the company and his or her other duties or personal affairs;
- refrain from any activity that is competitive with the business of the company;
- refrain from exploiting any business opportunity of the company for the purpose of gaining a personal advantage for himself, herself or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

Under the Companies Law, a company may approve an act specified above which would otherwise constitute a breach of the office holder's duty of loyalty, provided that the office holder acted in good faith, neither the act nor its approval harms the company, and the office holder discloses his or her personal interest a sufficient amount of time before the discussion for approval of such act. Any such approval is subject to the terms of the Companies Law setting forth, among other things, the appropriate bodies of the company required to provide such approval and the methods of obtaining such approval.

Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

The Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that such office holder may have and all related material information known to such office holder concerning any existing or proposed transaction of the company. A personal interest includes an interest of any person in an act or transaction of a company, including a personal interest of one's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director or general manager or in which such person has the right to appoint at least one director or the general manager, but excluding a personal interest stemming solely from one's ownership of shares in the company. A personal interest includes the personal interest of a person for whom the office holder holds a voting proxy or the personal interest of the office holder with respect to the office holder's vote on behalf of a person for whom he or she holds a proxy even if such shareholder has no personal interest in the matter.

If it is determined that an office holder has a personal interest in a non-extraordinary transaction, meaning any transaction that is in the ordinary course of business, on market terms or that is not likely to have a material impact on the company's profitability, assets or liabilities, approval by the board of directors is required for the transaction, unless the company's articles of association provide for a different method of approval. Any such transaction that is adverse to the company's interests may not be approved by the board of directors.

Approval first by the company's audit committee and subsequently by the board of directors is required for an extraordinary transaction (meaning a transaction that is not in the ordinary course of business, not on market terms or that is likely to have a material impact on the company's profitability, assets or liabilities) in which an office holder has a personal interest.

A director and any other office holder who has a personal interest in a transaction which is considered at a meeting of the board of directors or the audit committee may generally (unless it is with respect to a transaction which is not an extraordinary transaction) not be present at such a meeting or vote on that matter, unless a majority of the directors or members of the audit committee, as applicable, have a personal interest in the matter.

If a majority of the members of the audit committee or the board of directors have a personal interest in the matter, then all of the directors may participate in the deliberations of the audit committee or board of directors, as applicable, with respect to such transaction and vote on the approval thereof and, in such case, shareholder approval is also required.

Certain disclosure and approval requirements apply under Israeli law to certain transactions with a controlling shareholder or in which a controlling shareholder has a personal interest and certain arrangements regarding the terms of service or employment of a controlling shareholder. For these purposes, a controlling shareholder is any shareholder that has the ability to direct the company's actions, including any shareholder holding 25% or more of the voting rights if no other shareholder owns more than 50% of the voting rights in the company. Two or more shareholders with a personal interest in the approval of the same transaction are deemed to be one shareholder for these purposes.

For a description of the approvals required under Israeli law for compensation arrangements of officers and directors, see "—Compensation of Directors and Executive Officers" above.

D. Employees

As of December 31, 2024, we had approximately 1,130 full-time employees, of whom more than 600 are in Israel, with the remainder in various countries including the United States, Ukraine, Australia, the United Kingdom, Japan, China, Germany and Canada. We value our employees and invest in them through training and compensation, including incentive compensation. Most of our research and development and product management activities are carried out in Israel and the Ukraine. Since the outbreak of the war in Israel on October 7, 2023, we have taken a series of steps to support our Israeli work force, including increased remote work opportunities, group and individual therapy support, allowance for babysitting when partners of our employees are performing reserve duty and donations for charitable and volunteer efforts of our employees. In addition, we are actively monitoring the situation in Ukraine and have extended our employees there assistance should they choose to relocate as we care deeply for the safety and well-being of our Ukrainian work force. To date, neither the Israel nor Ukraine conflict, nor the responsive measures taken by the global community in each case, have had a material impact on our research and development and product management activities, nor on our results of operations and financial condition.

We believe that our culture facilitates an enjoyable and meaningful work environment, permitting our employees to feel confident and see the impact of their accomplishments, all of which provide them a greater sense of ownership.

E. Share Ownership

See “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.”

F. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table presents the beneficial ownership of our ordinary shares as of February 25, 2025 for:

- each person, or group of affiliated persons, known by us to own beneficially 5% or more of our outstanding ordinary shares;
- each of our executive officers and members of our board of directors; and
- all of our executive officers and members of our board of directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Under those rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power. Except as otherwise indicated, and subject to community property laws where applicable, we believe, based on the information provided to us, that the persons and entities named in the table below have sole voting and investment power with respect to all ordinary shares shown as beneficially owned by them.

The percentage of beneficial ownership for the following table is based on 36,725,768 ordinary shares outstanding as of February 25, 2025. Options to purchase shares that are exercisable within 60 days are deemed to be beneficially owned by the persons holding these options for the purpose of computing percentage ownership of that person, but are not treated as outstanding for the purpose of computing any other person’s ownership percentage.

Unless otherwise indicated, the address for each listed shareholder is: 3 Arik Einstein Street, Bldg. B, 1st Floor Herzliya 4659071, Israel.

As of February 25, 2025, there were three record holders of our ordinary shares located in the United States, holding shares representing approximately 14% of our outstanding ordinary shares. The actual number of shareholders is greater than this number of record holders and includes shareholders who are beneficial owners but whose shares are held in “street name” by brokers and other nominees. This number of holders of record also does not include shareholders whose shares may be held in trust or by other entities.

Name of Beneficial Owner	Number of Ordinary Shares Beneficially Owned	Percentage of Ordinary Shares Beneficially Owned
5% or Greater Shareholders		
Amir Nechmad ⁽¹⁾	6,927,921	18.86%
Yair Nechmad ⁽²⁾	8,732,994	23.63%
David Ben-Avi ⁽³⁾	7,149,135	19.34%
Other Executive Officers and Board Members		
Rina Shafir	*	*
Vered Raz Avayo	*	*
Nir Dor	*	*
Reuven Ben Menachem	*	*
Eran Havshush	*	*
Sagit Manor	*	*
Oren Tepper	*	*
Keren Sharir	*	*
Tami Erel	*	*
Gal Omer	*	*
Oded Frenkel	*	*
Moshe Shmaryahu	*	*
Yaron Aharon	*	*
Aaron Greenberg	*	*
Erez Aminpour	*	*
Eden Zafrani	*	*
All executive officers and Board members as a group (18 individuals)	16,043,805	43.13%

* Represents beneficial ownership of less than 1% of our total outstanding ordinary shares.

- (1) Consists of 6,927,921 ordinary shares held of record by Mr. Amir Nechmad.
- (2) Consists of (i) 8,497,389 ordinary shares held of record by Mr. Yair Nechmad or a company wholly owned by Mr. Yair Nechmad and (ii) 235,605 ordinary shares subject to options held by Mr. Yair Nechmad that are exercisable.
- (3) Consists of (i) 6,913,530 ordinary shares held of record by Mr. Ben-Avi and (ii) 235,605 ordinary shares subject to options held by Mr. Ben-Avi that are exercisable.

B. Related Party Transactions

Unless otherwise noted, the following is a description of related party transactions we have entered into since January 1, 2024 with any of the members of our board of directors, any executive officer and any holder of more than 5% of our ordinary shares at the time of such transaction, or any immediate family members of the above individuals, where such family members or individuals had or will have a direct or indirect material interest, other than compensation arrangements with the Company, which are described under “Item 6. Directors, Senior Management and Employees—B. Compensation” and “Item 6. Directors, Senior Management and Employees—C. Board Practices.”

Approval of Related Party Transactions

See “Item 6. Directors, Senior Management and Employees—C. Board Practices—Approval of Related Party transactions under Israeli Law” for more information.

Shareholders’ Agreement

On March 9, 2021, Mr. Amir Nechmad, Mr. Yair Nechmad and Mr. David Ben- Avi (our “Controlling Shareholders”) entered into a shareholders’ agreement (the “Shareholders’ Agreement”). According to the terms of the Shareholders’ Agreement, it shall be in effect for so long as no single shareholder of the Company holds a greater number of shares than the aggregate number of shares held by the Controlling Shareholders. The following is a summary of certain terms of the Shareholders’ Agreement, which summary is not intended to be complete and is qualified in its entirety by the full text of the Shareholders’ Agreement, a copy of which is filed as an exhibit to this annual report.

Board Nomination Rights

Pursuant to the Shareholders’ Agreement, the Controlling Shareholders have agreed as follows: (1) each of the Controlling Shareholders that holds at least 15% of issued and outstanding share capital of the Company shall be entitled to recommend the identity of one director; (2) the identity of up to two directors shall be recommended by the Controlling Shareholders in accordance with the provisions of the next paragraph, provided that one of such director shall qualify as an independent director (as such term is defined in the Companies Law); and (3) the Controlling Shareholders shall recommend, in accordance with the provisions of the next paragraph, the identity of the external directors (as such term is defined in the Companies Law) (according to the provisions of the Companies Law, the number of external directors serving on the board shall be at least two).

The identity of the Controlling Shareholders’ recommendee(s) to serve on the board in accordance with sections (2) and (3) above shall be determined by a unanimous consent of the Controlling Shareholders. However, in the event that one of the Controlling Shareholders (in this paragraph: the “Minority Shareholder”) shall hold less than two-thirds of the number of shares held by each of the other two Controlling Shareholders (in this paragraph: the “Majority Shareholders”), and the Controlling Shareholders are not able to reach a unanimous consent, then the identity of the Shareholders’ recommendee(s) to serve on the board in accordance with sections (2) and (3) above shall be determined by the unanimous consent of the Majority Shareholders. To the extent they cannot reach a unanimous consent, then to the fullest extent allowed by law, the Controlling Shareholders shall vote for the reappointment to the board of the directors already serving on the board.

Each Controlling Shareholder undertook to vote all of the Company’s shares held by him/it in the general meeting in favor of the appointment of members of the board whose identities have been determined in accordance with the above provisions, and against the appointment of members of the board whose identities have not been determined in accordance with the above provisions.

Preliminary Meetings

The Controlling Shareholders shall hold a preliminary meeting in advance of each general meeting of the Company and, at such meeting, shall reach a consensus on how to vote their shares at the general meeting of shareholders of the Company. If the Controlling Shareholders are unable to reach consensus with respect to the resolutions, they shall vote in a way that will maintain the Company’s status quo. Notwithstanding the above, in the event that one of the Controlling Shareholders (in this paragraph: the “Minority Shareholder”) shall hold less than two-thirds (2/3) of the number of shares held by each of the other two Controlling Shareholders (in this paragraph: the “Majority Shareholders”), and the Controlling Shareholders do not reach a unanimous decision at the preliminary meeting as to how the Controlling Shareholders shall vote their shares in respect of a certain resolution on the agenda of the general meeting, then: (a) if the Majority Shareholders reach an agreement as to how the Controlling Shareholders shall vote their shares in respect of a certain resolution on the agenda of the general meeting, each Controlling Shareholder (including the Minority Shareholder) will vote all of his/its Shares at the relevant general meeting, in accordance with the decision reached by the Majority Shareholders; and (b) if the Majority Shareholders do not reach an agreement as to how the Controlling Shareholders shall vote their shares in respect of a certain resolution on the agenda of the General Meeting, then each Controlling Shareholder (including the Minority Shareholder) will vote all of his/its Shares at the relevant general meeting in a manner which preserves the Company’s status quo.

Limitation on Transfer of Shares

Each of the Controlling Shareholders holds a right of first offer with regard to the other Controlling Shareholders who may wish to sell shares of the Company on the TASE or to a third party. Additionally, if any of the Controlling Shareholders wishes to sell or transfer shares of the Company to a third party outside of the TASE in a single transaction or in a series of transactions constituting the lower of: (x) 10% of the Company's issued and outstanding ordinary shares, or (y) 50% of such Controlling Shareholders' holdings in the Company, and the other Controlling Shareholder decline to exercise their right of first offer, the selling Controlling Shareholders must offer the other Controlling Shareholders to tag along to the sale and sell shares they hold to the third party on the same terms. Furthermore, if Controlling Shareholders holding a majority of the Company's shares held by all Controlling Shareholders wish to accept an offer to sell all of such shares to a third party, and the purchaser of such shares conditions its offer upon the acquisition of all shares held by the Controlling Shareholders, the non-selling Controlling Shareholders must sell their shares to the purchaser at the same price and on the same terms offered to the selling Controlling Shareholders, provided that the price per share actually paid to the non-selling Controlling Shareholder shall be at least 10% greater than the average closing price of the Company's share on the stock exchange during the 30 trading days preceding the day on which the sale transaction was offered to the non-selling Controlling Shareholder.

Notwithstanding the above, each Controlling Shareholder is entitled to sell or transfer, in every calendar year, up to two percent of the Company's issued and outstanding ordinary shares as of immediately following the completion of the Company's initial public offering on the TASE, without implicating the transfer restrictions described in the preceding paragraph.

Registration Rights Agreement

We are party to a registration rights agreement (the "Registration Rights Agreement") with the Controlling Shareholders. Pursuant to the Registration Rights Agreement, the Controlling Shareholders are entitled to request that we register their ordinary shares under the Securities Act, subject to cutback for marketing reasons and certain other conditions. The Controlling Shareholders are also entitled to certain "piggyback" registration rights, which are also subject to cutback for marketing reasons and certain other conditions. Registration of such shares under the Securities Act would result in such shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by affiliates, immediately upon the effectiveness of such registration.

Services Agreement with Mr. Havshush

Mr. Havshush, who became a director of the Company in July 2024, acted as a consultant to the Company since 2012, providing services related to taxation, capital investments and other financial and accounting matters. Fees paid by the Company to Mr. Havshush were \$91,000, \$88,000 and \$112,000 in 2024, 2023 and 2022, respectively. Also, A. Omer & Co., an Israeli accounting firm where Mr. Havshush serves as a partner, has provided payroll and bookkeeping services to the Company and its Israeli subsidiaries since 2018. Fees paid by the Company (and its Israeli subsidiaries) to A. Omer & Co. were \$148,000, \$64,000 and \$63,000 in 2022, 2023 and 2024, respectively.

On May 29, 2024, the Company, Mr. Havshush and A. Omer & Co. entered into a new service agreement (the "New Service Agreement"), pursuant to which Mr. Havshush will continue provide services to the Company related to accounting, tax reporting and compliance and other tax issues of the Company and its Israeli subsidiaries, mergers and acquisitions in Israel, and employee stock option plans, among others, for which he will receive a monthly fee of between NIS 20,000 to NIS 30,000 (equal to approximately \$5,400 to \$8,500, respectively), depending on hours worked, and additional compensation for services rendered in connection with completed acquisitions, offerings or additional special projects, equal to up to three times his monthly fees. In addition, under the New Service Agreement, A. Omer & Co. will continue to provide services to the Company and affiliated entities related to payroll, bookkeeping and tax matters, among others, with fees to be paid based on hourly rates of between NIS 200 and NIS 250 (equal to approximately \$54 and \$68, respectively), subject to a 25% discount. The foregoing is a summary of certain terms of the New Service Agreement, which summary is not intended to be complete and is qualified in its entirety by the full text of the New Service Agreement, a copy of which is filed as an exhibit to this annual report.

The fees paid to Mr. Havshush and A. Omer & Co. pursuant to the New Service Agreement are in addition to director fees paid to Mr. Havshush for his service as a director of the Company.

In addition, Mr. Havshush also provides audit, tax and consulting services on an ongoing basis to our founders, Mr. Yair Nechmad, Mr. Amir Nechmad and Mr. David Ben-Avi.

Family Employment Relationships

Oded Frenkel, the brother-in-law of David Ben-Avi, serves as the Chief Customer Officer of the Company and received compensation of approximately \$204,000, \$212,000 and \$236,000 in 2024, 2023 and 2022, respectively. Additionally, Mr. Frenkel received options in 2023 to purchase 2,500 ordinary shares at the exercise price of \$18.83 per share; and options in 2022 to purchase 2,500 ordinary shares at the exercise price of NIS 65.7 per share.

Reuven Amar, the brother-in-law of David Ben-Avi, is an employee of the Company and received compensation of approximately \$172,000, \$177,000 and \$206,000 in 2024, 2023 and 2022, respectively. Additionally, Mr. Amar received options in 2023 to purchase 2,500 ordinary shares at the exercise price of \$18.83 per share; and options in 2022 to purchase 2,500 ordinary shares at the exercise price of NIS 65.7 per share.

Arnon Nechmad, the son of Yair Nechmad, was hired by EV Meter Ltd., a wholly-owned subsidiary of the Company, in November 2021. Prior to that, Mr. Arnon Nechmad was an employee of another wholly-owned subsidiary of the Company and in 2023 he became an employee of the Company. Mr. Arnon Nechmad received compensation of approximately \$91,000, \$81,000 and \$83,000 in 2024, 2023 and 2022, respectively.

Tal Tannenbaum, who became the daughter-in-law of Yair Nechmad in August 2022, has been a part-time employee of the Company since December 2021. Mrs. Tannenbaum received compensation of approximately \$80,000, \$55,000 and \$26,000 in 2024, 2023 and 2022, respectively. In addition, in March 2022, Mrs. Tannenbaum received options to purchase 500 ordinary shares at the exercise price of \$20.4 per share.

See “Item 6. Directors, Senior Management and Employees—B. Compensation—Compensation of Directors and Executive Officers” for additional information concerning agreements with certain of our executive officers.

Indemnification Agreements

We have entered into agreements with each of our directors and executive officers exculpating them in advance, to the fullest extent permitted by law, from liability to us for damages caused to us as a result of a breach of duty of care, and undertaking to indemnify them to the fullest extent permitted by law. This indemnification is limited to events determined as foreseeable by the board of directors based on our activities and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Financial Statements

See “Item 18. Financial Statements,” which contains our financial statements prepared in accordance with IFRS.

Legal Proceedings

We are, from time to time, party to various legal proceedings arising out of our ordinary course of business.

During 2023, the ICA requested from us certain documents and other information related mainly to our acquisition of OTI. We cooperated fully and transparently with the ICA throughout its investigative process, and, on February 3, 2025, we entered into the Consent Decree with the ICA to settle allegations of anticompetitive practices and failing to obtain necessary ICA consent in connection with the acquisition. Pursuant to the Consent Decree, we and Yair Nechmad, our CEO and Chairman, agreed to pay a sum of NIS 2,500,000 (approximately \$701,000) and NIS 240,000 (approximately \$67,300), respectively, to the Israeli State Treasury, and we agreed to provide up to 6,500 OTI POS kits, comprised of the Telebox hardware units paired with Uno 8/Uno Plus card readers, over a period of five years, to third parties who may sell, distribute, and market the OTI POS kits under their own brands in the Israeli market. The Consent Decree is subject to public commentary and will become effective upon approval by the Israeli Competition Court. We do not believe the terms of the settlement will have a significant adverse effect on our business, financial condition or results of operations.

Currently, there are no claims or proceedings against us that we believe will have a material adverse effect on our business, financial condition, results of operations or cash flows. However, the results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, we may incur significant costs and experience a diversion of management resources as a result of litigation.

Dividend Policy

To date, we have not paid any cash dividends on our ordinary shares and we currently do not intend to pay cash dividends on our ordinary shares in the foreseeable future. However, we may, in the future, decide to pay dividends on our ordinary shares. We have not adopted a dividend policy. Any declaration and payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as Company earnings levels, cash flows, capital requirements, levels of indebtedness, any other restrictions imposed by applicable law, our overall financial condition, restrictions in our debt agreements and any other factors deemed relevant by our board of directors. In addition, Israeli law imposes restrictions on our ability to declare and pay dividends. Dividends may also be subject to Israeli withholding taxes. See “Item 10. Additional Information—E. Taxation—Israeli Tax Considerations” for additional information.

B. Significant Changes

Not applicable.

ITEM 9. THE OFFER AND LISTING**A. Offering and Listing Details**

Our ordinary shares have traded on the TASE since May 2021, under the symbol “NYAX”, and on Nasdaq since September 2022, under the symbol “NYAX”.

B. Plan of Distribution

Not applicable.

C. Markets

See “—Offering and Listing Details” above.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION**A. Share Capital**

Not applicable.

B. Memorandum and Articles of Association

For a description of provisions of our articles of association relating to the power of directors; rights, preferences and restrictions attaching to each class of the shares; changes in control of the company; and other information required under Item 10.B, please see Exhibit 2.1 “Description of Securities,” which is incorporated herein by reference.

C. Material Contracts

Please see “Item 4. Information on the Company—A. History and Development of the Company,” “Item 4. Information on the Company—B. Business Overview,” “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources,” and “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions” for a discussion of material contracts entered into outside of the ordinary course of business in the preceding three years. Except as otherwise disclosed in this annual report (including the exhibits), we are not currently, and have not been in the last two years, party to any material contract, other than contracts entered into in the ordinary course of business.

D. Exchange Controls

There are currently no Israeli currency control restrictions on remittances of dividends on our ordinary shares, proceeds from the sale of the ordinary shares or interest or other payments to non-residents of Israel, except that such restrictions may exist with respect to shareholders who are residents of countries that are in a state of war with Israel.

E. Taxation

The following summary contains a description of certain Israeli and U.S. federal income tax consequences of the ownership and disposition of our ordinary shares, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase our ordinary shares. The summary is based upon the tax laws of Israel and regulations thereunder and on the tax laws of the United States and regulations thereunder as of the date hereof, which are subject to change.

You should consult your own tax adviser concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, or other taxing jurisdiction.

Israeli Tax Considerations

The following is a brief summary of the material Israeli tax laws applicable to us. This section also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of our ordinary shares. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of its, his or her personal circumstances or to some types of investors subject to special treatment under Israeli law. Examples of such investors include Israeli residents, partnerships, trusts or traders in securities who are subject to special tax regimes not covered in this discussion. To the extent that the discussion is based on tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. The discussion below is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which change could affect the tax consequences described below. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax considerations.

General Corporate Tax Structure in Israel

Israeli companies are generally subject to corporate tax. The current corporate tax rate is 23%. However, the effective tax rate payable by a company that derives income from a Preferred Enterprise or a Preferred Technological Enterprise (as discussed below) may be considerably lower. Capital gains derived by an Israeli resident company are generally subject to the regular corporate tax rate. Under Israeli tax law, a company will be considered as an “Israeli resident” if: (a) it was incorporated in Israel; or (b) the control and management of its business are operated from Israel.

Tax Benefits and Grants for Research and Development

Israeli tax law allows, under certain conditions, a tax deduction for expenditures, including capital expenditures, related to scientific research and development for the year in which they are incurred. Expenditures are deemed related to scientific research and development projects, if:

- the expenditures are approved by the relevant Israeli government authority, determined by the field of research;
- the research and development are for the benefit of the company; and
- the research and development are carried out by or on behalf of the company seeking such tax deduction.

The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the finance of such scientific research and development projects. Under these research and development deduction rules, no deduction is allowed for any expense invested in an asset depreciable under the general depreciation rules of the Income Tax Ordinance (New Version), 5721-1961 (the “Ordinance”). Expenditures that do not qualify for this special deduction are deductible in equal amounts over three years.

We do not currently claim tax deductions for such expenditures for the year in which they are incurred but rather claim deductions in equal amounts over three years. From time to time, we may apply to the IIA for approval to allow a tax deduction for all research and development expenses during the year incurred. There can be no assurance that such request, if made, will be granted.

Law for the Encouragement of Capital Investments, 5719-1959 (the “Investment Law”)

The Investment Law provides certain incentives for capital investments in production facilities (or other eligible assets).

The Investment Law was significantly amended effective as of April 1, 2005, as of January 1, 2011 (the “2011 Amendment”), and as of January 1, 2017 (the “2017 Amendment”). The 2011 Amendment introduced new benefits to replace those granted in accordance with the provisions of the Investment Law in effect prior to the 2011 Amendment. However, companies entitled to benefits under the Investment Law as in effect prior to January 1, 2011, were entitled to choose to continue to enjoy such benefits, provided that certain conditions are met, or elect instead, irrevocably, to forego such benefits and have the benefits of the 2011 Amendment apply. The 2017 Amendment introduces new benefits for Technological Enterprises, alongside the existing tax benefits.

The Preferred Enterprise Incentives Regime – the 2011 Amendment

The 2011 Amendment introduced new benefits for income generated by a “Preferred Company” through its “Preferred Enterprise” (as such terms are defined in the Investment Law). The definition of a Preferred Company includes a company incorporated in Israel that is not fully owned by a governmental entity, and that has, among other things, Preferred Enterprise status and is controlled and managed from Israel. Pursuant to the 2011 Amendment, a Preferred Company is entitled to a reduced corporate tax rate of 16% with respect to its income derived by its Preferred Enterprise, unless the Preferred Enterprise is located in development zone “A”, in which case the rate will be 7.5%. Income derived by a Preferred Company from a “Special Preferred Enterprise” (as such term is defined in the Investment Law) would be entitled, during a benefits period of 10 years, to further reduced tax rates of 8%, or 5% if the Special Preferred Enterprise is located in a development zone “A”.

Dividends distributed from income which is attributed to a “Preferred Enterprise” will be subject to Israeli tax at the following rates: (i) Israeli resident corporations—0% (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, a tax rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply), (ii) Israeli resident individuals—20% and potentially a 3% or 5% surtax, as discussed below, (iii) non-Israeli residents (individuals and corporations)—20%, non-Israeli individuals - and potentially a 3% or 5% surtax, as discussed below, subject to a reduced tax rate under the provisions of an applicable tax treaty. Claim of tax benefits afforded by an applicable tax treaty is subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate.

The Technological Enterprise Incentives Regime – the 2017 Amendment

The 2017 Amendment was enacted as part of the Economic Efficiency Law that was published on December 29, 2016, and is effective as of January 1, 2017. The 2017 Amendment provides new tax benefits for two types of “Technological Enterprises” – “Preferred Technological Enterprises”, or PTEs and “Special Preferred Technological Enterprise” or SPTEs, as described below.

According to the 2017 Amendment, a company that complies with the terms under the PTE or SPTE regime may be entitled to certain tax benefits with respect to its “Preferred Technological Income”, which is income that is generated during the company’s regular course of business and derived from a benefitted intangible asset (as determined in the Investment Law), excluding income derived from intangible assets used for marketing and income attributed to production activity.

In order to calculate the preferred technological income, the PTE or the SPTE is required to take into account the income and the research and development expenses that are attributed to each single preferred intangible asset, product or group of products (as defined in the Investment Law). Nevertheless, it should be noted that the transitional provisions allow companies to take into account all the income and research and development expenses attributed to all of the benefitted intangible assets they have.

The 2017 Amendment applies to PTEs that meet certain conditions, including: (1) the enterprise's research and development expenses in the three years preceding the relevant tax year were at least 7% on average of the total revenue of the company that owns the enterprise or exceeded NIS 75 million (approximately \$21 million) in each such year and (2) one of the following: (a) at least 20% of the workforce (or at least 200 employees) are employees whose full salary has been paid and reported in the company's financial statements as research and development expenses; (b) a venture capital investment approximately equivalent to at least NIS 8 million (approximately \$2.2 million) was previously made in the company and the company did not change its line of business; (c) growth in sales by an average of 25% or more over the three years preceding the relevant tax year, provided that the turnover was at least NIS 10 million (approximately \$2.8 million), in the relevant tax year and in each of the preceding three years; or (d) growth in workforce by an average of 25% or more over the three years preceding the relevant tax year, provided that the company employed at least 50 employees in the relevant tax year and in each of the preceding three years.

A SPTE is an enterprise that meets conditions 1 and 2 above, and in addition is part of a group of companies having aggregate annual revenues above NIS 10 billion (approximately \$2.8 billion).

Preferred Technological income of a PTE, which is the portion of technological income derived from the benefitted intangible asset developed in Israel according to the NEXUS approach, satisfying the required conditions, will be subject to a reduced corporate tax rate of 12%. The tax rate is further reduced to 7.5% for a PTE located in development zone "A".

In addition, a PTE will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain "Benefitted Intangible Assets" (as defined in the Investment Law) to a related foreign company if the Benefitted Intangible Assets were acquired from a foreign company on or after January 1, 2017, for at least NIS 200 million (approximately \$56 million), and the sale receives prior approval from the IIA.

SPTEs, satisfying the required conditions, are subject to a reduced corporate tax rate of 6% on "Preferred Technological Income" regardless of the company's geographic location within Israel. In addition, a SPTE will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain "Benefitted Intangible Assets" to a related foreign company if the Benefitted Intangible Assets were either developed by the SPTE or acquired from a foreign company on or after January 1, 2017, and the sale received prior approval from the IIA. A SPTE that acquires Benefitted Intangible Assets from a foreign company for more than NIS 500 million (approximately \$133 million) will be eligible for these benefits for at least ten years, subject to certain approvals as specified in the Investment Law.

The Regulations for the Encouragement of Capital Investments (Preferred Technological Income and Capital Profits for a Technological Enterprise), 2017 (the "Regulations"), describe, inter alia, the mechanism used to determine the calculation of the benefits under the PTE and SPTE Regimes. According to the Regulations, a company that complies with the terms under the PTE/SPTE regimes may be entitled to certain tax benefits with respect to income generated during the company's regular course of business and derived from the preferred benefitted intangible asset (as determined in the Investment Law), excluding income derived from intangible assets used for marketing and income attributed to production activity.

In the event that intangible assets used for marketing purposes generate income, which exceeds 10% of the technological income from the benefitted intangible asset, the relevant portion, calculated using a transfer pricing study, would be subject to regular corporate income tax. If such income does not exceed 10%, the PTE or SPTE will not be required to attribute income to the marketing intangible asset.

The Regulations set a presumption of direct production expenses plus 10% with respect to income related to production, which can be countered by the results of a supporting transfer pricing study. Tax rates applicable to such production income expenses will be similar to the tax rates under the Preferred or special preferred Enterprise regimes, to the extent such income would be considered as eligible (as discussed above).

Dividends distributed to individuals or non-Israeli shareholders by a PTE or a SPTE, paid out of Preferred Technological Income or capital gain derived from the sale of certain "Benefitted Intangible Assets", are generally subject to tax at the rate of 20% or such lower rate as may be provided in an applicable tax treaty, which, in each case, will be withheld at source (non-Israeli shareholders are required to present, in advance of payment, a valid withholding certificate from the ITA allowing for such 20% tax rate or lower treaty rate), and potentially a 3% or 5% surtax, as discussed below. However, dividends distributed to an Israeli company are not subject to tax. If such dividends are distributed to a foreign corporation (holding, solely or together with other non-Israeli companies, directly at least 90% in the Preferred Company or holding indirectly such 90% in the Preferred Company, subject to certain conditions) and other conditions are met, the applicable tax rate will be 4%, or such lower rate as may be provided in an applicable tax treaty (in each case, subject to the receipt in advance of a valid withholding certificate from the ITA allowing for such 4% rate or lower treaty tax rate).

We believe that we are eligible for tax benefits under the Investment Law. We also received a ruling from the ITA which determined that we qualify as a PTE under the 2017 Amendment subject to compliance with certain terms and to certain limitations. The ruling applies from the 2020 tax year until the 2024 tax year. We are in the process of obtaining a new ruling from the ITA confirming that we continue to qualify as a PTE. We expect to be able to enjoy tax benefits under the Investment Law after this period as well, but there can be no assurance that we will meet all the terms and conditions required under the Investment Law that will allow us to enjoy tax benefits under the Investment Law.

Taxation of Non-Israeli Resident Shareholders

Capital Gains Tax

Israeli capital gains tax is imposed on the disposition of capital assets by a non-Israeli resident if those assets (i) are located in Israel, (ii) are shares or a right to shares in an Israeli resident corporation or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a specific exemption is available or unless a tax treaty between Israel and the seller's country of residence provides otherwise. Israeli tax law distinguishes between "Real Capital Gain" and "Inflationary Surplus." Inflationary Surplus is a portion of the total capital gain which is equivalent to the increase in the relevant asset's price that is attributable to the increase in the Israeli consumer price index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of disposition. Inflationary Surplus is currently not subject to tax in Israel. Real Capital Gain is the excess of the total capital gain over the Inflationary Surplus. Generally, Real Capital Gain accrued by individuals on the sale of ordinary shares will be taxed at the rate of 25% and potentially a 3% or 5% surtax, as discussed below. However, if the shareholder is a "substantial shareholder" at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 30% and potentially a 3% or 5% surtax, as discussed below. A "substantial shareholder" is generally a person who alone or together with such person's relative or another person who collaborates with such person regarding the material affairs of the company on a permanent basis, holds, directly or indirectly, at least 10% of any of the "means of control" of the corporation. "Means of control" generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or the power to direct the actions of someone who holds any of the aforesaid rights, regardless of the source of such right. Real Capital Gain derived by corporations will be generally subject to a corporate tax, currently at a rate of 23%.

A non-Israeli resident who derives capital gains from the sale of shares of an Israeli resident company that were purchased after the company was listed for trading on a stock exchange outside of Israel will be exempt from Israeli capital gains tax subject to certain conditions, inter alia that the shares were not held through or attributable to a permanent establishment that the non-Israeli resident maintains in Israel. However, non-Israeli "body of persons" (as defined in the Ordinance, which includes corporate entities, partnerships, and other entities) will not be entitled to the foregoing exemption if Israeli residents (i) have, directly or indirectly, alone or together with such person's relatives or another person who, according to an agreement, collaborates with such person on a permanent basis regarding material affairs of the company, or with another Israeli tax resident, a controlling interest of more than 25% in any of the means of control of such non-Israeli body of persons or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli body of persons, whether directly or indirectly.

In addition, such exemption is not applicable to a person whose gains from selling or disposing the shares are deemed to be business income.

Additionally, a sale of shares by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under the tax treaty between the Government of the United States of America and the Government of the State of Israel with respect to Taxes on Income, as amended (the "United States-Israel Tax Treaty"), the sale, exchange or other disposition of shares by a shareholder who is a United States resident (for purposes of the treaty) holding the shares as a capital asset and is entitled to claim the benefits afforded to such a resident by the United States-Israel Tax Treaty (a "Treaty U.S. Resident") is generally exempt from Israeli capital gains tax unless: (i) the capital gain arising from such sale, exchange or other disposition is attributed to real estate located in Israel; (ii) the capital gain arising from such sale, exchange or other disposition is attributed to royalties; (iii) the capital gain arising from the such sale, exchange or other disposition is attributed to a permanent establishment in Israel, under certain terms; (iv) such Treaty U.S. Resident holds, directly or indirectly, shares representing 10% or more of the voting capital during any part of the 12-month period preceding the sale, exchange or other disposition, subject to certain conditions; or (v) such Treaty U.S. Resident is an individual and was present in Israel for 183 days or more during the relevant taxable year. In any such case, the sale, exchange or other disposition of such shares would be subject to Israeli tax, to the extent applicable.

Regardless of whether non-Israeli shareholders may be liable for Israeli capital gains tax on the sale of our ordinary shares, the payment of the consideration for such sale may be subject to withholding of Israeli tax at source and holders of our ordinary shares may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically, the ITA may require shareholders who are not liable for Israeli capital gains tax on such a sale to sign declarations on forms specified by the ITA, provide documents (including, for example, a certificate of residency) or obtain a specific exemption from the ITA to confirm their status as non-Israeli residents (and, in the absence of such declarations or exemptions, the ITA may require the purchaser of the shares to withhold tax at source).

Individual shareholders whose income from the sale of securities considered as business income are taxed at the marginal tax rates applicable to business income – up to 47% in 2025 and potentially a 3% surtax, as discussed below.

Either the purchaser, the Israeli stockbrokers or financial institution through which the shares are held, is obliged to withhold tax in the amount of consideration paid upon the sale of securities (or the Real Capital Gain realized on the sale, if known) at the Israeli corporate tax rate (23% in 2025) or 25% in case the seller is an individual. The individual or the company may provide an approval from the ITA for a reduced tax withholding rate, according to the applicable rate.

At the sale of securities traded on a stock exchange, a detailed return, including a computation of the tax due, must be filed and an advance payment must be made on January 31 and July 31 of every tax year in respect of sales of securities made within the previous six months. However, if all tax due was withheld at source according to applicable provisions of the Ordinance and regulations promulgated thereunder, the aforementioned return is not required to be filed, and no advance payment must be paid. Capital gain is also reportable on the annual income tax return.

Taxation on Receipt of Dividends

A distribution of dividends from income, which is not attributed to a Preferred Enterprise, to an Israeli resident individual, will generally be subject to income tax at a rate of 25% and potentially a 3% or 5% surtax, as discussed below. However, a 30% tax rate will apply if the dividend recipient is a “Substantial Shareholder” at the time of distribution or at any time during the preceding 12 months period and potentially a 3% or 5% surtax, as discussed below.

If the recipient of the dividend is an Israeli resident corporation, such dividend will be exempt from income tax provided the income from which such dividend is distributed was derived or accrued within Israel.

Non-Israeli residents (whether individuals or corporations) are generally subject to Israeli income tax on the receipt of dividends paid from income, which is not attributed to Preferred (including Preferred Technological) Enterprise at the rate of 25% (or 30% in the case such shareholder is considered a “substantial shareholder” at the time of the distribution or at any time during the preceding 12- month period) and for Non-Israeli individuals – potentially a 3% or 5% surtax as discussed below, which tax will be withheld at source, unless relief is provided in an applicable tax treaty between Israel and the shareholder’s country of residence (provided that a certificate from the ITA allowing for such relief is obtained in advance). Dividends paid on publicly traded shares, like our ordinary shares, are generally subject to Israeli withholding tax at a rate of 25% so long as the shares are registered with a nominee company (whether or not the recipient is a substantial shareholder), unless a lower rate is provided under an applicable tax treaty (provided that a certificate from the ITA allowing for such reduced withholding tax rate is obtained in advance). However, if the dividend is distributed from income attributed to a Preferred Enterprise or a Preferred Technological Enterprise, such distribution of dividends to non-Israeli residents is subject to withholding tax at source at a rate of 20% (subject to the receipt in advance of a certificate from the ITA allowing for such reduced tax rate). If the dividend is attributable in part to income derived from a Preferred Enterprise or a Preferred Technological Enterprise, the withholding rate will be a blended rate reflecting the relative portions of the types of income.

As noted above, a reduced tax rate may be provided under the Investment Law. In addition, a reduced tax rate may be provided under an applicable tax treaty. For example, under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our ordinary shares who is a Treaty U.S. Resident is 25%. However, generally, the maximum rate of withholding tax on dividends that are paid to a United States corporation holding 10% or more of the outstanding voting capital throughout the tax year in which the dividend is distributed as well as during the previous tax year, is 12.5%, provided that not more than 25% of the gross income for such preceding year consists of certain types of dividends and interest. If dividends are distributed from income that was subject to a reduced corporate tax rate under the Investment Law and the foregoing conditions are met, such dividends are subject to a withholding tax rate of 15% for a shareholder that is a United States corporation. The aforementioned rates under the United States-Israel Tax Treaty will not apply if the dividend income was derived through or attributed to a permanent establishment of the Treaty U.S. Resident in Israel. Application for this reduced tax rate requires appropriate documentation presented to and specific instruction received from the ITA. We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders’ tax liability.

A non-Israeli resident who receives dividends from which tax was duly withheld is generally exempt from the obligation to file tax returns in Israel with respect to such income, provided that (i) such income was not generated from business conducted in Israel by the taxpayer; (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed; and (iii) the taxpayer is not liable for surtax (as further explained below).

Surtax

Subject to the provisions of an applicable tax treaty, individuals who are subject to income tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) are also subject to an additional tax at a rate of 3% or 5% on annual income (including, but not limited to, income derived from dividends, interest and capital gains) exceeding NIS 721,560 for 2025, which amount is linked to the annual change in the Israeli consumer price index.

Estate and Gift Tax

Israeli law currently does not impose estate or gift taxes.

Material U.S. Federal Income Tax Consequences

The following is a description of material U.S. federal income tax consequences to the U.S. Holders described below of the ownership and disposition of our ordinary shares, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire our ordinary shares. This discussion applies only to U.S. Holders that acquire our ordinary shares and hold them as capital assets. In addition, this discussion does not describe all of the tax consequences that may be relevant to U.S. Holders in light of their particular circumstances, including alternative minimum tax consequences, any aspect of the Medicare contribution tax on "net investment income," special tax accounting rules under Section 451 of the Code and tax consequences applicable to U.S. investors subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- dealers or certain traders in securities that mark their securities to market for U.S. income tax purposes;
- persons holding ordinary shares as part of a straddle, integrated or similar transaction;
- persons who acquire ordinary shares in connection with employment;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes and their partners;
- tax-exempt entities, individual retirement accounts, or "Roth IRAs";
- persons that own or are deemed to own 10% or more of the Company's stock by vote or value; or
- persons holding ordinary shares in connection with a trade or business outside the United States.

If you are a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of the ownership and disposition of ordinary shares with respect to you and your partners generally will depend on the status of the partners and your activities. If you are a partnership owning ordinary shares or a partner in such partnership, you should consult your tax adviser as to your particular U.S. federal income tax consequences of owning and disposing of ordinary shares.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the Israel-U.S. Tax Treaty (the "Treaty"), all as of the date hereof. These laws are subject to change, possibly with retroactive effect.

You are a "U.S. Holder" for purposes of this discussion if you are, for U.S. federal income tax purposes, a beneficial owner of ordinary shares eligible for the benefits of the Treaty and:

- a citizen (other than a resident of Israel) or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Certain Treasury regulations (the “Foreign Tax Credit Regulations”) may in some circumstances prohibit a U.S. person from claiming a foreign tax credit with respect to certain non-U.S. taxes that are not creditable under applicable income tax treaties. However, the U.S. Internal Revenue Service (the “IRS”) has released notices which indicate that the Treasury Department and the IRS are considering amendments to the Foreign Tax Credit Regulations and provide temporary relief from certain of their provisions until such time as the IRS issues a subsequent notice or other guidance withdrawing or modifying the temporary relief (or any later date specified in the relevant notice or guidance). The rules governing the calculation and timing of foreign tax credits and the deduction of foreign taxes are complex and depend upon a U.S. person’s particular circumstances. Accordingly, U.S. investors that are not eligible for Treaty benefits should consult their tax adviser regarding the creditability or deductibility of any non-U.S. taxes imposed on dividends on, or dispositions of, ordinary shares. This discussion does not apply to investors in this special situation.

This discussion does not address the effects of any state, local or non-U.S. tax laws, or any U.S. federal taxes other than income taxes (such as U.S. federal estate or gift tax consequences). You should consult your tax adviser with regard to the application of the U.S. federal tax laws to your particular situation, as well as any tax consequences that may arise under the laws of any state, local or non-U.S. taxing jurisdiction.

Taxation of Distributions

The following discussion is subject to the discussion under “—Passive Foreign Investment Company Rules” below.

Distributions paid on ordinary shares (including the amount of Israeli taxes withheld), other than certain pro rata distributions of ordinary shares to all shareholders, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to you as dividends. Subject to applicable limitations, if you are a non-corporate U.S. Holder, dividends paid to you generally may be eligible for taxation as “qualified dividend income” and therefore may be taxable at a favorable rate provided that we are not (and were not treated with respect to you as) a PFIC for the taxable year of the distribution or the preceding taxable year. You should consult your tax adviser regarding the availability of the favorable tax rate on dividends. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations in respect of dividends received from other U.S. corporations.

Dividend income will include any amounts withheld in respect of Israeli taxes, will be treated as foreign-source income and will generally constitute passive category income for foreign tax credit purposes. Dividends will generally be included in your income on the date of receipt. The amount of any dividend income paid in NIS will be the U.S. dollar amount calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, you should not be required to recognize foreign currency gain or loss in respect of the amount received. You may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt, and any such gain or loss will be U.S.-source ordinary income or loss.

Subject to applicable limitations, some of which vary depending upon the U.S. Holder’s particular circumstances, and the discussion below regarding the Foreign Tax Credit Regulations, Israeli taxes withheld from dividends on ordinary shares (at a rate not exceeding the rate provided by the Treaty, in the case of a U.S. Holder eligible for a reduced rate under the Treaty) generally will be creditable against the U.S. Holder’s U.S. federal income tax liability. As discussed under “Taxation—Israeli Tax Considerations” above, Israel requires special procedures to be followed by U.S. Holders eligible for a reduced rate under the Treaty to obtain the benefit of such reduced rate. The rules governing foreign tax credits are complex. For example, the Foreign Tax Credit Regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for foreign income taxes (including foreign withholding taxes treated as income taxes) to be creditable, the relevant foreign jurisdiction’s income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the Israeli income tax system meets these requirements. However, under the temporary relief in the notices described above, certain of the requirements for making this determination would not apply until such time as the IRS withdraws or modifies this temporary relief (or any later date specified in the relevant notice or guidance). Whether the IRS will withdraw this relief for 2025 or future years is inherently uncertain. You should consult your tax adviser regarding your eligibility for benefits under the Treaty and the creditability of any Israeli taxes in your particular circumstances.

Subject to applicable limitations, in lieu of claiming a foreign tax credit, you may elect to deduct foreign taxes, including any Israeli taxes, in computing your taxable income. An election to deduct otherwise creditable foreign taxes instead of claiming foreign tax credits applies to all creditable foreign taxes paid or accrued in the relevant taxable year.

Sale or Other Taxable Disposition of Shares

The following discussion is subject to the discussion under “—Passive Foreign Investment Company Rules” below.

You generally will recognize capital gain or loss on a sale or other taxable disposition of ordinary shares equal to the difference between the amount realized on the sale or disposition and your tax basis in the ordinary shares, each as determined in U.S. dollars. Such capital gain or loss will be long-term capital gain or loss if at the time of sale or disposition the ordinary shares have been held for more than one year. Any gain or loss will generally be U.S.-source for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

As described in “Taxation—Israeli tax considerations” above, gains realized on the sale or other disposition of our ordinary shares may be subject to Israeli taxes, and as also described under “Taxation—Israeli Tax Considerations” above, Israel requires special procedures to be followed by U.S. Holders eligible for a reduced rate under the Treaty to obtain the benefit of such reduced rate. The rules governing foreign tax credits are complex, and you may not be eligible to claim a foreign tax credit with respect to any Israeli taxes imposed on gains realized on the sale or other disposition of our ordinary shares. For example, the Foreign Tax Credit Regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for foreign income taxes to be creditable, the relevant foreign jurisdiction’s income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the Israeli income tax system meets these requirements. However, under the temporary relief in the notices described above, certain of the requirements for making this determination would not apply until such time as the IRS withdraws or modifies this temporary relief (or any later date specified in the relevant notice or guidance). Whether the IRS will withdraw this relief for 2025 or future years is inherently uncertain.

In addition, any gain or loss recognized by a U.S. Holder resident in the United States generally will be treated as U.S. source gain or loss. Consequently, such a person may not be able to use any foreign tax credit arising from any such Israeli taxes imposed on the disposition of our ordinary shares unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources.

Rather than claiming a credit, a U.S. Holder may be able to elect to deduct such Israeli taxes in computing taxable income, subject to applicable limitations. An election to deduct otherwise creditable foreign taxes instead of claiming foreign tax credits applies to all creditable foreign taxes paid or accrued in the relevant taxable year. If such Israeli tax is not a foreign income tax eligible for a foreign tax credit, the non-creditable Israeli taxes may reduce the amount realized on the sale, exchange or other taxable disposition of our ordinary shares.

You should consult your tax adviser regarding your eligibility for benefits under the Treaty, the creditability of any Israeli taxes, and whether any such tax can reduce the amount realized on the sale or other taxable disposition of our ordinary shares in your particular circumstances.

Passive Foreign Investment Company Rules

In general, a non-U.S. corporation will be a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the value of its assets (generally determined on a quarterly average basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes interest, rents, dividends, certain gains and royalties (other than certain royalties derived in the active conduct of a trade or business). Goodwill is generally characterized as a non-passive or passive asset based on the nature of the income produced in the activities to which the goodwill relates. Cash is a passive asset.

Based on the manner in which we currently operate our business, the current composition of our income and assets and the estimated value of our assets (including the value of our estimated goodwill, which is based on the current price of our ordinary shares), we do not believe we were a PFIC for the taxable year ended December 31, 2024. However, a company's PFIC status is an annual determination that can be made only after the end of each taxable year, and our PFIC status for each taxable year will depend on the composition of our income and assets and the value of our assets from time to time, including estimated goodwill (which may be determined by reference to the market value of our ordinary shares, which may be volatile). Our PFIC status is subject to uncertainties. We may be or become a PFIC if our market capitalization declines. Further, we may hold less than 25% minority stakes in other entities, which will generally be treated as passive for purposes of the PFIC rules. Therefore, we may be a PFIC if the value of any such minority stakes becomes substantial. Moreover, we may become a PFIC if we expand our business to include financing or similar transactions that may generate passive income. Accordingly, we cannot assure you that we will not be a PFIC for any taxable year.

If we were a PFIC for any taxable year and any entity in which we own or are deemed to own equity interests were also a PFIC (any such entity, a "Lower-tier PFIC"), you would be deemed to own a proportionate amount (by value) of the equity interests of each Lower-tier PFIC and would be subject to U.S. federal income tax according to the rules described in the next paragraph on (i) certain distributions by a Lower-tier PFIC and (ii) dispositions of equity interests of Lower-tier PFICs, in each case as if you held such shares directly, even though you did not receive any proceeds of those distributions or dispositions.

Generally, if we were a PFIC for any taxable year during which you held ordinary shares, gains recognized upon a disposition (including, under certain circumstances, a pledge) of ordinary shares by you would be allocated ratably over your holding period for such ordinary shares. The amounts allocated to the taxable year of disposition and to years before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as applicable, and an interest charge would be imposed on the resulting tax liability for each such taxable year. Further, to the extent that distributions you receive on your ordinary shares during a taxable year exceeded 125% of the average of the annual distributions on such ordinary shares received during the preceding three years or your holding period, whichever is shorter, the excess distribution would be subject to taxation in the same manner. If we were a PFIC for any year during which you owned ordinary shares, we would generally continue to be treated as a PFIC with respect to you for all succeeding years during which you owned the ordinary shares, even if we ceased to meet the threshold requirements for PFIC status.

Alternatively, if we were a PFIC and if our ordinary shares were "regularly traded" on a "qualified exchange," a U.S. Holder could make a mark-to-market election that would result in tax treatment different from the general tax treatment described in the preceding paragraph. The ordinary shares will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the ordinary shares are traded on a qualified exchange on at least 15 days during each calendar quarter. Nasdaq, on which the ordinary shares are listed, is a qualified exchange for this purpose. Generally, if you make a mark-to-market election, you will recognize as ordinary income any excess of the fair market value of the ordinary shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If you make the election, your tax basis in the ordinary shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of ordinary shares in a year in which we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election, with any excess treated as a capital loss). If you make the mark-to-market election, distributions paid on the ordinary shares will generally be treated as discussed under "—Taxation of Distributions" above. You should consult your tax adviser regarding the availability and advisability of making a mark-to-market election in your particular circumstances. In particular, you should consider the impact of a mark-to-market election with respect to your ordinary shares given that we may have Lower-tier PFICs, and there is no provision in the Code, Treasury regulations or other official guidance that would give U.S. Holders the right to apply a mark-to-market treatment to any Lower-tier PFIC the shares of which are not publicly traded.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If you own ordinary shares during any year in which we are a PFIC, you generally will be required to file annual reports on IRS Form 8621 (or any successor form) together with your U.S. federal income tax returns, subject to certain exceptions. You should consult your tax adviser regarding whether we are a PFIC for any taxable year and the potential application of the PFIC rules to your ownership of ordinary shares.

Backup Withholding and Information Reporting

Payments of dividends and sales proceeds that are made within the United States or through U.S. or certain U.S.-related financial intermediaries will generally be subject to information reporting and backup withholding, unless (i) you are an exempt recipient or (ii) in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. investors who are individuals (or certain specified entities) may be required to report information relating to their ownership of ordinary shares, or non-U.S. accounts through which ordinary shares are held. You should consult your tax adviser regarding your reporting obligations with respect to the ordinary shares.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file or furnish reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. See “Item 16G. Corporate Governance” for further information. We are required to make certain filings with the SEC. The SEC maintains an internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that site is www.sec.gov.

In addition, since our ordinary shares are traded on the TASE, we have filed periodic and immediate reports with, and furnish information to, the TASE and the ISA, as required under Chapter F of the Israeli Securities Law.

Our Israeli reporting requirements are governed by Chapter E’3 of the Israeli Securities Law, which generally requires filing with the ISA only copies of the English-language reports filed with the SEC.

We will send our transfer or tabulation agent a copy of all notices of shareholders’ meetings and other reports, communications and information that are made generally available to shareholders. The transfer or tabulation agent has agreed to mail to all shareholders a notice containing the information (or a summary of the information) contained in any notice of a meeting of our shareholders received by the transfer or tabulation agent and will make available to all shareholders such notices and all such other reports and communications received by the transfer or tabulation agent.

I. Subsidiary Information

For information on our subsidiaries, see “Item 4. Information on the Company—C. Organizational Structure,” and Exhibit 8.1 to this annual report.

J. Annual Report to Security Holders

If we are required to provide an annual report to security holders in response to the requirements of Form 6-K, we will submit the annual report to security holders in electronic format in accordance with the EDGAR Filer Manual.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Sensitivity

Our cash and cash equivalents are held primarily in checking accounts and cash deposits. The fair value of our cash and cash equivalents would not be significantly affected by either an increase or decrease in interest rates due mainly to the short-term nature of these instruments. Interest on various of our credit facilities accrue at a floating rate based on a formula tied to certain market rates at the time of incurrence. We do not expect that any change in prevailing interest rates will have a material impact on our results of operations. We currently do not hedge interest rate exposure. We may in the future hedge our interest rate exposure and may use swaps, caps, collars, structured collars or other common derivative financial instruments to reduce interest rate risk. It is difficult to predict the effect that future hedging activities would have on our operating results.

Foreign Currency Exchange Rate Risk

Our customers are located throughout the world, including Europe, North America, Latin America, Australia, the United Kingdom, Asia and Africa. Although our consolidated financial statements are reported in U.S. dollars, we conduct business in, and our revenue is earned in, multiple currencies, mainly U.S. dollar, euro, Australian dollar and British pound. We are also exposed to risks of currency volatility in certain emerging markets, and such volatility might be more pronounced. The majority of our costs is denominated in NIS. Consequently, we are exposed to foreign currency exchange risk relative to the U.S. dollar, and our results of operations could be affected due to fluctuations in currencies in which we operate. To date, foreign currency transaction gains and losses have had a non-material impact on our financial statements. To mitigate foreign currency risk, we hedge our exposure using currency forward contracts, currency options or other common derivative financial instruments. However, the effect of future hedging activities on our operating results remains difficult to predict.

Credit Risk

We maintain deposits of our cash and cash equivalents with several foreign and Israeli banks. In addition, substantially all of our cash and cash equivalents, as well as our marketable securities, are held by financial institutions that we believe are of high credit quality. We have not experienced any losses on our deposits of cash and cash equivalents and our accounts are monitored by our management team to mitigate risk. We are exposed to credit risk in the event of default by the financial institution holding our cash and cash equivalents.

Liquidity Risk

Liquidity risk relates to maintaining sufficient cash and securities through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. We aim to ensure a minimum level of liquidity considered adequate by our management. We consider a variety of actions to be taken in the event of liquidity contingencies in order to maintain cash within required minimum liquidity limits.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

In March 2024, we completed an underwritten public offering that included the issuance and sale of 2,600,000 ordinary shares (including the overallotment option) by us pursuant to our Registration Statement on Form F-3. The proceeds to the Company from the offering was approximately \$62.4 million, after deducting the underwriting discount and fees and offering expenses payable by the Company. We used the proceeds from the offering to fund our acquisition of VMT and for general corporate purposes.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act), as of December 31, 2024. Based on such evaluation, each of our Chief Executive Officer and Chief Financial Officer has concluded that, as of December 31, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating and implementing possible controls and procedures.

B. Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting (as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act). Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in "Internal Control - Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that, as of December 31, 2024, our internal control over financial reporting was effective.

C. Attestation Report of the Registered Public Accounting Firm

This annual report on Form 20-F does not include an attestation report of the Company's registered public accounting firm due to a transition period established by rules of the SEC for emerging growth companies.

D. Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the year ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that each of Vered Raz Avayo, Rina Shafir and Nir Dor, each of whom serves on our audit committee and who meets the "independence" definition under applicable Nasdaq listing rules, qualifies as an "audit committee financial expert" as defined by SEC rules.

ITEM 16B. CODE OF ETHICS

We have adopted a code of ethics that applies to all our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. This code of ethics is posted on our website, <https://www.nayax.com/>. The information contained on our website is not a part of this annual report.

We intend to post on our website all disclosures that are required by the rules and regulations of the SEC or by applicable Nasdaq listing rules concerning any substantive amendments to, or waivers from, any provision of the code of business conduct or the code of ethics, within the applicable required timeframe.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**Fees Paid to Independent Registered Public Accounting Firm**

The following table sets forth, for each of the years indicated, the aggregate fees billed by our independent registered public accounting firm for professional services.

	Year ended December 31,	
	2024	2023
	(in USD thousands)	
Audit (1)	470	423
Audit-related fees (2)	45	54
Tax fees (3)	83	39
All other fees (4)	2	2
Total	600	518

- (1) Audit fees consist of services that would normally be provided in connection with statutory and regulatory filings or engagements, including services that generally only the independent accountant can reasonably provide.
- (2) Audit-related fees for assurance and related services that were reasonably related to the performance of the audit not reported under “Audit Fees”.
- (3) Tax fees consist of fees for professional services for tax compliance, tax advice and tax audits.
- (4) “All other fees” consist of all other fees in the years ended December 31, 2024 and 2023 related to services in connection with non-audit compliance and review work.

Audit Committee Pre-Approval Policies and Procedures

Our audit committee has adopted a pre-approval policy for the engagement of our independent accountant to perform certain audit and non-audit services. Pursuant to this policy, which is designed to ensure that such engagements do not impair the independence of our auditors, the audit committee pre-approves each type of audit, audit-related, tax and other permitted services, subject to the ability of the audit committee to delegate certain pre-approval authority to one or more of its members. All of the fees listed in the table above were approved by our audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As an Israeli company, we are subject to various corporate governance requirements under the Companies Law, including relating to matters such as external directors, the audit committee, the compensation committee and an internal auditor.

We are a “foreign private issuer” (as such term is defined in Rule 405 under the Securities Act). As a foreign private issuer we are permitted to comply with certain Israeli corporate governance practices instead of the corporate governance rules of Nasdaq, provided that we disclose which requirements we are not following and the equivalent Israeli requirement. We also qualify as a “controlled company” as such term is defined in applicable Nasdaq listing rules. Although we do not intend to rely on any “controlled company” exemption from Nasdaq corporate governance rules, we may elect to rely on such exemptions in the future.

We rely on this “foreign private issuer exemption” with respect to (i) the quorum requirement for shareholder meetings, (ii) shareholder approval requirements and (iii) the requirement that director nominees be selected or recommended for selection by either a majority of the independent directors or a nominations committee composed solely of independent directors. Whereas under the corporate governance rules of Nasdaq, a quorum requires the presence, in person or by proxy, of holders of at least 33⅓% of the total issued outstanding voting power of our shares at each general meeting of shareholders, pursuant to our amended and restated articles of association, and as permitted under the Companies Law, the quorum required for a general meeting of our shareholders consists of at least two shareholders present in person or by proxy in accordance with the Companies Law who hold or represent at least 25% of the total outstanding voting power of our shares (and if the meeting is adjourned for a lack of quorum, the quorum for such adjourned meeting will be, subject to certain exceptions, any number of shareholders). As to shareholder approval, we will seek shareholder approval whenever required under the Companies Law rather than when required for a domestic U.S. issuer under Nasdaq rules. Further, although we have a nominating and corporate governance committee, our director nominees are not selected by a majority of the independent directors, and our nominating and corporate governance committee is not composed solely of independent directors, in each case as permitted under the Companies Law. We otherwise intend to comply with the rules generally applicable to U.S. domestic companies listed on Nasdaq. We may, however, in the future decide to use the “foreign private issuer exemption” and opt out of some or all of the other corporate governance rules.

See “Item 6. Directors, Senior Management and Employees” for further information.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

The Company has adopted an insider trading policy governing the purchase, sale and other dispositions of the Company’s securities by directors, senior management, and employees that it believes is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to the Company. Our insider trading policy is filed as an exhibit to this annual report.

ITEM 16K. CYBERSECURITY

As a provider of various payment processing and operations solutions, sensitive credit provider information, personal information, personally identifiable information and other financial data are transferred through our products and services, either within execution of transactions or within remote management services we offer. The processing of the information we acquire in connection with our customers’ use of our services is subject to numerous privacy, data protection, cybersecurity and other laws, rules, regulations and standards in a number of jurisdictions. Information security failures and leaking of financial data of our customers or their consumers, as well as passage of information between different territories in violation of privacy protection laws, could harm our results and reputation.

We use advanced security technologies in our efforts to comply with relevant laws, rules, regulations and standards, prevent data loss and protect the confidential, proprietary and sensitive information to which we have access. In order to mitigate against failures, cybersecurity incidents, attacks and other disruptions of our information technology systems, we strive to improve the security services of our own servers, as well as the security environment we provide to customers and third parties using our products. For example, we possess three on-premise environments for saving information, as well as dedicated cloud IT premises. In addition, we have offline backup for information, as well as a support team who is active seven days a week and both internal and external teams for identification of cyber-attacks, infiltration and exposure to other threat actors.

Nayax is certified and compliant for various information security standards and regulations such as PCI SSC (DSS, PTS & Pin), ISO 27001:2022, SOX and SOC2. Our information security domain is maintained by industry-standard best practice frameworks, including adoption of an information security management system, and is managed in accordance with applicable laws, rules regulations and standards addressing data privacy and cybersecurity. We also have an information security policy ("IS Policy") in place that defines the procedures we follow when assessing, identifying and managing cybersecurity threats and incidents, and applies to all Company employees, including employees of our subsidiaries, as well as partners, service providers and contractors with access to Company information assets. Our IS Policy addresses control of records, data classification, managing information system change, addressing nonconformities, password requirements, data storage, backup and retention, encryption, access permission management, physical security, disaster recovery and communication of sensitive or personal data to external parties, among others. Information asset "owners" within the Company are assigned responsibility under our IS Policy to review access privileges, implement and maintain the asset, advise of any new system or change to existing systems and make data classification decisions. Additionally, we review or update our policies relating to cybersecurity annually, or more frequently on an as-needed basis, to account for changes in the evolving cybersecurity threat landscape as well as legal and regulatory developments. We also maintain an information security risk assessment document for internal use that lists the various risks that we have identified and ways to mitigate them. This document is updated on a regular basis at least annually to account for our business requirements, global events and cybersecurity threats and is aligned with our organizational risk management program.

As part of our risk management procedures, we conduct regular risk assessments of our various information systems designed to identify, document and mitigate cybersecurity risk. For high-risk systems, risk surveys and penetration tests are conducted at least annually and following a major system change or data breach event. Other systems are tested at different time periods according to their sensitivity. These regular risk assessments are conducted either internally or by qualified third-party service providers. In addition, at least once a quarter, information systems that are open to public communication connections are subject to internal and external network vulnerability scans conducted by qualified third-party service providers. Results of these surveys and assessments are communicated to Company management and nonconformities are mapped, remediated and tracked.

We aim to minimize exposure of Company data and systems to external parties by operating on a "need-to-know" basis for access to our data and systems. Any communication with an external party involving exposure to sensitive Company information is based on an appropriate preliminary risk assessment process. The preliminary risk assessment includes, among other measures, the examination of the external party's experience in processing sensitive information, its reputation and background and the potential for conflict of interests. Although we have continued to invest in our due diligence, onboarding, and monitoring capabilities over critical external parties with whom we do business, including our third-party vendors and service providers, our control over the security posture of, and ability to monitor the cybersecurity practices of, such third parties remains limited, and there can be no assurance that we can prevent, mitigate or remediate the risk of any compromise or failure in the cybersecurity infrastructure owned or controlled by such third parties. When we do become aware that a third-party vendor or service provider has experienced such compromise or failure, we attempt to mitigate our risk, including by terminating such third party's connection to our information systems and networks where appropriate.

Employees receive information security training upon hiring and at least quarterly, with additional dedicated training regularly for employees with access to sensitive Company systems and information. Employees are required to confirm in writing that they have read and understand the Company's information security policies. In addition, we require employees and third-party contractors to sign non-disclosure agreements as part of our practices seeking to protect the confidentiality of our information.

Management reviews the IS Policy at least annually. A review may be performed more frequently if there are changes to our business or other factors that impact the IS Policy.

Mr. Alex Yeretsky has served as the Company's Chief Information Security Officer (the "CISO") since 2018. As CISO, Mr. Yeretsky has overall responsibility for information security controls and regulations and provides regular reports to our management. Mr. Yeretsky reports directly to our CFO and CEO. As CISO, Mr. Yeretsky is responsible for establishment and management of Information Security Department of Nayax, implementation and enforcement of our IS Policy, obtaining required certifications and maintaining all applicable security regulations and standards, dissemination of information and providing training on our policies to relevant parties, developing and maintaining Company-wide information security and risk management plans, performing and/or supervising risk assessments engagements, monitoring and improving security posture of our products and infrastructure.

Mr. Yeretsky has 14 years' experience in managing mid to enterprise-size organizations' information security departments. In the past, Mr. Yeretsky, has managed offensive security services, penetration testing projects, security architecture projects, consulting services for C-level, governance regulation compliance consultation, risk management projects and enterprise cybersecurity strategy planning services. Prior to his position in Nayax, Mr. Yeretsky worked for several years for companies such as PricewaterhouseCoopers (PwC) and Cisco Systems Inc., and was the founder and Chief Technology Officer of MagniSec, a software cybersecurity company. During army services, Mr. Yeretsky served as offensive security team-leader (Commander) for the Israeli Ministry of Defense.

In addition, the Company maintains a high-level management committee that meets monthly (Cyber Security Steering Committee) that is dedicated to cybersecurity. The Cyber Security Steering Committee is comprised of the CISO, CTO, CFO, CLO, head of R&D and other relevant managers and employees. This steering committee plays an important role in ensuring the effective management and implementation of cybersecurity measures within the organization. The committee is responsible for overseeing and guiding cybersecurity initiatives designed to protect the organization's sensitive information, systems and infrastructure. The CLO and CISO provide quarterly reports to the CEO and biannually report to the board of directors directly. The Cyber Security Steering Committee covers both cybersecurity and related compliance matters. In addition to such regular updates, and as part of our incident response processes, our CISO also provides updates on certain cybersecurity threats and incidents to the Cyber Security Steering Committee and, as necessary, to the full board of directors, based on the steering committee's assessment of risk.

Before we engage any technology third-party vendor or service provider, we perform a thorough due diligence process to evaluate their cybersecurity risks and the compatibility of their cybersecurity systems with ours. The due diligence process involves the Information Security, Privacy, Legal and Information Systems departments.

Our board of directors oversees our cybersecurity and ensures that we take steps to adequately address and mitigate the risk from evolving cybersecurity threats we face. The board's responsibilities include setting the overall cybersecurity strategy, assessing risks and providing oversight to ensure our resiliency against cybersecurity threats and incidents. The key aspect of the board's role is to remain updated and make necessary determinations on the following topics:

- IS Policy development and approval,
- Risk management,
- Budgetary approval,
- Leadership and culture,
- Compliance oversight,
- Crisis management, and
- Continuous improvement.

In 2024, we did not identify any cybersecurity threats or incidents that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. Despite our efforts, we cannot eliminate all risks from cybersecurity threats or incidents or provide assurances that we have not experienced an undetected cybersecurity incident. For more information about these risks, please see "Item 3. Key Information—D. Risk Factors—Risks Related to Data Security, Privacy, Information Technology and Intellectual Property."

PART III

ITEM 17. FINANCIAL STATEMENTS

We have responded to Item 18 in lieu of this item.

ITEM 18. FINANCIAL STATEMENTS

Financial Statements are filed as part of this annual report, beginning on page F-1.

ITEM 19. EXHIBITS

The following documents are filed as part of this annual report.

EXHIBIT INDEX

Exhibit No.	Description
1.1	Amended and Restated Articles of Association of Nayax Ltd. (incorporated by reference to Exhibit 1.1 to the Registration Statement on Form 20-F (File No. 001-41491), filed with the SEC on September 2, 2022)
2.1*	Description of Securities
4.1	Shareholders' Agreement among Amir Nechmad, Yair Nechmad, Yair Nechmad Ltd. and David Ben-Avi, dated March 9, 2021 (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form 20-F (File No. 001-41491), filed with the SEC on September 2, 2022)
4.2	Registration Rights Agreement, among Nayax Ltd., Amir Nechmad, Yair Nechmad and David Ben-Avi, dated as of May 4, 2021 (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form 20-F (File No. 001-41491), filed with the SEC on September 2, 2022)
4.3	Form of Indemnification Agreement (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form 20-F (File No. 001-41491), filed with the SEC on September 2, 2022)
4.4	Nayax Ltd. 2013 Share Option Plan (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-8 (File No. 333-267542), filed with the SEC on September 21, 2022)
4.5	Nayax Ltd. Global Equity Incentive Plan (2018) (incorporated by reference to Exhibit 99.2 to the Registration Statement on Form S-8 (File No. 333-267542), filed with the SEC on September 21, 2022)
4.6	Remuneration Policy of Nayax Ltd. (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form 20-F (File No. 001-41491), filed with the SEC on September 2, 2022)
8.1*	List of subsidiaries
11.1*	Insider Trading Policy
12.1*	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1*	Certification by Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2*	Certification by Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited
97.1	Policy for Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 to the Annual Report on Form 20-F (File No. 001-41491), filed with the SEC on February 28, 2024)
101	The following financial statements from the Company's 20-F for the fiscal year ended December 31, 2024 formatted in Inline XBRL: (i) Inline Consolidated Statements of Comprehensive Loss, (ii) Inline Consolidated Statements of Financial Position, (iii) Inline Consolidated Statements of Changes in Equity, (iv) Inline Consolidated Statements of Cash Flows, and (v) Inline Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Nayax Ltd.

Date: March 4, 2025

By: /s/ Yair Nechmad

Name: Yair Nechmad

Title: Chief Executive Officer

By: /s/ Sagit Manor

Name: Sagit Manor

Title: Chief Financial Officer

NAYAX LTD.
Consolidated Financial Statements
2024 Annual Report

TABLE OF CONTENTS

	Page
Report of Independent Registered Public Accounting Firm (PCAOB ID 1309)	F-3
Consolidated financial statements – in thousands of US Dollars:	
Consolidated statements of financial position	F-4 - F-5
Consolidated statements of profit or loss	F-6
Consolidated statements of comprehensive income (loss)	F-7
Consolidated statements of changes in equity	F-8
Consolidated statements of cash flows	F-9 - F-10
Notes to the consolidated financial statements	F-11 - F-65



Report of Independent Registered Public Accounting Firm

To the board of directors and shareholders of Nayax Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Nayax Ltd. and its subsidiaries (the “Company”) as of December 31, 2024 and 2023 and the related consolidated statements of profit or loss, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Tel Aviv, Israel
March 4, 2025

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

We have served as the Company's auditor since 2015.

Kesselman & Kesselman, Azrieli Town Tower, 146 Derech Menachem Begin St, Tel- Aviv, 6492103, Israel
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NAYAX LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31	
		2024	2023
		U.S. dollars in thousands	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	7	83,130	38,386
Restricted cash transferable to customers for processing activity	8	60,299	49,858
Short-term bank deposits		9,327	1,269
Receivables in respect of processing activity		45,071	43,261
Trade receivable, net	9	55,694	41,300
Inventory		19,768	20,563
Other current assets		14,368	8,772
Total current assets		287,657	203,409
NON-CURRENT ASSETS:			
Long-term bank deposits		2,155	2,304
Other long-term assets		4,253	5,883
Investment in associates		3,754	5,024
Right-of-use assets, net	10	6,292	5,341
Property and equipment, net	11	11,112	5,487
Goodwill and intangible assets, net	12	117,670	96,411
Total non-current assets		145,236	120,450
TOTAL ASSETS		432,893	323,859

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

NAYAX LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31	
		2024	2023
		U.S. dollars in thousands	
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank credit and short term loan	13a.	25,276	47,477
Current maturities of long-term bank loans	13b.	3,978	1,101
Current maturities of other long-term liabilities		1,353	5,422
Current maturities of leases liabilities	10	2,967	2,145
Payables in respect of processing activity		130,958	104,523
Trade payables		21,059	17,464
Other payables		33,887	25,650
Total current liabilities		219,478	203,782
NON-CURRENT LIABILITIES:			
Long-term bank loans	13b.	18,605	327
Other long-term liabilities	14	20,716	14,476
Post-employment benefit obligations, net		497	427
Lease liabilities	10	4,078	4,149
Deferred income taxes	15	4,274	3,108
Total non-current liabilities		48,170	22,487
TOTAL LIABILITIES		267,648	226,269
EQUITY:			
	16		
Shareholders Equity:			
Share capital		9	8
Additional paid in capital		220,715	153,524
Capital reserves		7,832	9,643
Accumulated deficit		(63,311)	(65,585)
TOTAL EQUITY		165,245	97,590
TOTAL LIABILITIES AND EQUITY		432,893	323,859

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

NAYAX LTD.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	Year ended December 31		
		2024	2023	2022
		U.S. dollars in thousands		
		(Excluding loss per share data)		
Revenues	17	314,013	235,491	173,514
Cost of revenues	18	(172,479)	(147,198)	(113,476)
Gross Profit		141,534	88,293	60,038
Research and development expenses	19	(25,374)	(21,928)	(22,132)
Selling, general and administrative expenses	20	(98,196)	(70,320)	(64,092)
Depreciation and amortization in respect of technology and capitalized development costs	12	(11,566)	(6,430)	(4,268)
Other expenses	1a, 25	(2,023)	(444)	(1,790)
Share of losses of equity method investees		(1,270)	(1,555)	(1,794)
Profit (Loss) from ordinary operations		3,105	(12,384)	(34,038)
Financial Income	21	3,408	2,493	438
Financial Expense	21	(10,897)	(4,781)	(3,458)
Loss before taxes on income		(4,384)	(14,672)	(37,058)
Tax expenses	15	(1,247)	(1,215)	(451)
Loss for the year		(5,631)	(15,887)	(37,509)
Loss per share attributed to shareholders of the Company:				
Basic and diluted loss per share	22	(0.157)	(0.479)	(1.143)

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

NAYAX LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year ended December 31		
	2024	2023	2022
	U.S. dollars in thousands		
Loss for the year	(5,631)	(15,887)	(37,509)
Other comprehensive income (loss) for the year:			
Items that will not be recycled to profit or loss:			
Gain (loss) from remeasurement of liabilities (net) in respect of post-employment benefit obligations	215	-	146
Items that may be recycled to profit or loss:			
Gain (loss) from translation of financial statements of foreign activities	(2,454)	(170)	(374)
Gains on cash flow hedges	428	42	-
Total comprehensive loss for the year	<u>(7,442)</u>	<u>(16,015)</u>	<u>(37,737)</u>

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

NAYAX LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributed to shareholders of the Company						
	Share capital	Additional paid in capital	Remeasurement of post-employment benefit obligations	Other capital reserves	Foreign currency translation reserve	Accumulated deficit	Total equity
	U.S. dollars in thousands						
Balance as of January 1, 2022	8	150,366	102	9,503	394	(28,697)	131,676
Changes during the year;							
Loss for the year						(37,509)	(37,509)
Other comprehensive income (loss) for the year	-	-	146	-	(374)	-	(228)
Employee options exercised	*	1,040	-	-	-	-	1,040
Share-based payment	-	-	-	-	-	9,656	9,656
Balance as of December 31, 2022	8	151,406	248	9,503	20	(56,550)	104,635
Balance as of January 1, 2023	8	151,406	248	9,503	20	(56,550)	104,635
Changes during the year;							
Loss for the year		-	-	-	-	(15,887)	(15,887)
Other comprehensive income (loss) for the year	-	-	-	42	(170)	-	(128)
Employee options exercised and vesting of restricted shares	*	2,118	-	-	-	-	2,118
Share-based payment	-	-	-	-	-	6,852	6,852
Balance as of December 31, 2023	8	153,524	248	9,545	(150)	(65,585)	97,590
Balance as of January 1, 2024	8	153,524	248	9,545	(150)	(65,585)	97,590
Changes during the year;							
Loss for the year		-	-	-	-	(5,631)	(5,631)
Other comprehensive income (loss) for the year	-	-	215	428	(2,454)	-	(1,811)
Issuance of ordinary shares	1	63,190	-	-	-	-	63,191
Employee options exercised and vesting of restricted shares	*	4,001	-	-	-	-	4,001
Share-based payment	-	-	-	-	-	7,905	7,905
Balance as of December 31, 2024	9	220,715	463	9,973	(2,604)	(63,311)	165,245

*Presents less than 1 thousand

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

NAYAX LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2024	2023	2022
	U.S. dollars in thousands		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss for the year	(5,631)	(15,887)	(37,509)
Adjustments required to reflect the cash flow from operating activities (see Appendix A)	48,533	24,685	9,962
Net cash provided by (used in) operating activities	42,902	8,798	(27,547)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capitalized development costs	(21,893)	(15,948)	(13,706)
Acquisition of property and equipment	(3,081)	(611)	(1,518)
Loans granted to related company	(559)	(1,432)	-
Increase in bank deposits	(7,952)	(2,154)	(480)
Payments for acquisitions of subsidiaries, net of cash acquired	(14,934)	(18,329)	440
Payment of deferred consideration with respect to business combinations	(555)	-	(4,500)
Interest received	3,108	1,683	76
Investments in financial assets	(283)	(195)	(6,856)
Proceeds from sub-lessee	243	155	-
Net cash used in investing activities	(45,906)	(36,831)	(26,544)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of ordinary shares	62,686	-	-
Interest paid	(4,549)	(2,651)	(504)
Changes in short-term bank credit and short term loan	(23,315)	39,135	5,874
Transactions with non-controlling interests	-	-	(186)
Receipt of long-term bank loans	22,835	-	-
Repayment of long-term bank loans	(3,177)	(998)	(2,282)
Receipt of long-term loans from others	-	-	6,908
Repayment of long-term loans from others	(3,837)	(3,626)	(2,577)
Repayment of other long-term liabilities	(1,100)	(304)	(328)
Employee options exercised	3,956	2,177	1,152
Principal lease payments	(2,655)	(2,182)	(1,851)
Net cash provided by financing activities	50,844	31,551	6,206
Increase (Decrease) in cash and cash equivalents	47,840	3,518	(47,885)
Balance of cash and cash equivalents at beginning of year	38,386	33,880	87,332
Gains (losses) from exchange differences on cash and cash equivalents	(2,688)	906	(6,189)
Gains (losses) from translation of cash and cash equivalents of foreign activity	(408)	82	622
Balance of cash and cash equivalents at end of year	83,130	38,386	33,880

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

NAYAX LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2024	2023	2022
	U.S. dollars in thousands		
Appendix A – adjustments required to reflect the cash flows from operating activities:			
Adjustments in respect of:			
Depreciation and amortization	21,370	12,505	9,028
Post-employment benefit obligations, net	(17)	25	(107)
Deferred taxes	(1,358)	(294)	(181)
Finance expenses, net	6,570	750	4,544
Expenses in respect of long-term employee benefits	634	237	245
Share of loss of equity method investee	1,270	1,555	1,794
Long-term deferred income	2,355	(85)	(104)
Expenses in respect of share-based payment	7,187	6,027	8,747
Total adjustments	38,011	20,720	23,966
Changes in operating asset and liability items:			
Increase in restricted cash transferable to customers for processing activity	(10,441)	(15,739)	(10,424)
Increase in receivables from processing activity	(1,810)	(17,880)	(10,986)
Increase in trade receivables	(10,683)	(12,487)	(8,272)
Increase in other current assets	(892)	(1,073)	(936)
Decrease (Increase) in inventory	2,069	3,239	(12,592)
Increase in payables in respect of processing activity	26,435	41,187	20,510
Increase in trade payables	3,361	1,189	4,519
Increase in other payables	2,483	5,529	4,177
Total changes in operating asset and liability items	10,522	3,965	(14,004)
Total adjustments required to reflect the cash flow from operating activities	48,533	24,685	9,962
Appendix B – Information regarding investing and financing activities not involving cash flows:			
Purchase of property and equipment on credit	152	97	215
Recognition of right-of-use assets through lease liabilities	1,653	338	2,048
Recognition of Sub lease asset	-	455	-
Share based payments costs attributed to development activities, capitalized as intangible assets	718	825	909

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

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL

a. Background

1. 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 develops in more than 60 countries worldwide (including Israel) through subsidiaries (the Company and the subsidiaries, hereafter – the “Group”) and through local distributors.
2. On September 11, 2022 Company's shareholders approved a reverse share split in a ratio of 10:1. All issued and outstanding Company's Ordinary Shares have been retroactively adjusted to reflect the reverse share split for all periods presented in these financial statements prior the approval.
3. On September 21, 2022, Company's ordinary shares were listed on the Nasdaq Global Select Market under the symbol NYAX. As of that date, the company is dual listed on Nasdaq and as well as on the Tel Aviv Stock Exchange. The expenses incurred in the profit or loss report for the year ended December 31, 2022 from this listing were \$1,790 thousand.
4. In August 2023, the company filed with the Israel Securities Authority a shelf prospectus (the “Shelf Prospectus”). Such Shelf Prospectus allows the Company to raise from time to time funds through the offering and sale of various securities including debt and equity, in Israel, at the discretion of the Company. In October 2023, the company filed with the SEC a Registration Statement on Form F-3 (the “Registration Statement”). Such Registration Statement allows the company to raise funds from time to time through the offering and sale of various securities including debt and equity, at the discretion of the Company. Under the Registration Statement, certain selling shareholders may also offer and sell ordinary shares from time to time in one or more offerings, but the Company is not entitled to any funds raised from such sales.
5. On March 12, 2024, the Company successfully concluded an offering of 2,600,000 ordinary shares. The net proceeds from this sale amounted to approximately \$62.7 million. The expenses incurred for the year ended December 31, 2024 from this sale are \$506 thousand.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL (continued):

b. "Swords of Iron" - War against terror organization Hamas

The "Swords of Iron" war, which began on October 7, 2023, has significant economic and social implications in Israel. However, during the financial year ended December 31, 2024, the Company's operations and financial performance were not materially impacted by the conflict. Management has assessed the potential risks and consequences related to the geopolitical environment and has determined that no adjustments to the financial statements or additional disclosures are necessary. The Company continues to monitor developments and remains committed to ensuring business continuity and risk management.

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION

a. Basis of presentation:

The financial statements of the Group as of December 31, 2024 and 2023 and for each of the three years ended December 31, 2024, are in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") (hereinafter "IFRS") were approved for issuance by the Board of Directors (the "Board") of the Company on March 2, 2025.

In connection with the presentation of these financial statements, the following is stated:

- 1) The principal accounting policies set out below have been consistently applied to all periods presented, unless otherwise stated.
- 2) The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise its judgment in the process of applying the Group's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3. Actual results may differ materially from estimates and assumptions used by the Group's management.
- 3) The Group's operating cycle is 12 months.

b. Consolidated financial statements

1) Subsidiaries and business combinations

Subsidiaries are all entities over which the Company has control. Subsidiaries are fully consolidated from the date on which control is obtained by the Company. They are deconsolidated from the date that control ceases.

When assessing control, the Company considers its potential voting rights, as well as such rights held by other parties to determine whether it has power over an investee. Potential voting rights are rights to obtain voting rights of an investee, such as those arising from convertible instruments or options, including forward contracts. Those potential voting rights are considered only if the rights are substantive. Business combinations are accounted for using the acquisition method.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

b. Consolidated financial statements (continued):

Goodwill represents the excess of the acquisition consideration and the amount of non-controlling interests and acquisition-date fair value of any previous equity interest in the acquired entity over the net identifiable assets acquired and liabilities assumed.

Intra-group transactions and balances, including revenues, expenses and dividends in respect of transactions between Group entities were eliminated. Gains and losses on intra-group transactions that are recognized as assets (such as inventory and property and equipment) are also eliminated.

2) Transactions with non-controlling interests' owners which do not result in loss of control

Transactions with non-controlling interests owners which do not result in loss of control are accounted for as transactions with shareholders. In such transactions, the difference between the fair value of any consideration paid or received and the amount in which the non-controlling interests are adjusted to reflect the changes in their proportional interest in a subsidiary are recognized directly in equity and attributed to the owners of the Company.

3) Associates

An associate is an entity over which the Group exercises significant influence, but not control. The investment in an associate is accounted for by the equity method.

4) The equity method

According to the equity method of accounting, the investment is initially recognized at cost and its carrying amount varies such that the Group recognizes its share of the associate's earnings or losses from acquisition date. Goodwill relating to associates is included in the investment's carrying amount and tested for impairment as part of the entire investment.

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

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

c. Translation of foreign currency balances and transactions:

1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (hereafter - the "Functional Currency"). When determining the functional currency of Group companies and whether their functional currency is identical to that of the Company, the materiality of the foreign operations as an extension of the reporting entity was taken into account. The consolidated financial statements are presented in US Dollars which is the functional and presentation currency of the Company and Group entities, except Nayax Retail, Weezmo, Roseman Engineering and Roseman Holdings whose functional currency is the NIS and VM tecnologia and Nayax Brazil whose functional currency is the BRL.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

c. Translation of foreign currency balances and transactions (continued):

2) Transactions and balances

Transactions made in a currency which is different from the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or revaluation, if the items are revalued. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the end-of-year exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss. Gains and losses from changes in exchange rates are presented in the statement of profit or loss among "finance expenses, net".

3) Translation of financial statements of Group entities:

The results and financial position of Group entities, whose functional currency is different than the presentation currency, are translated into the presentation currency as follows:

- (a) Assets and liabilities for each statement of financial position statement presented are translated at the closing rate at the date of the statement of financial position;
- (b) Income and expenses for each statement of profit or loss are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and;
- (c) All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations whose functional currency is different than that of the Company are recognized in other comprehensive income. When a foreign operation is fully disposed of, exchange differences that were recorded in other comprehensive income are recognized in the statement of profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from acquisition of foreign operations, are accounted for as assets and liabilities of the foreign operations and translated at closing rate. Exchange differences arising from the translation as aforesaid are carried to other comprehensive income.

d. Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term bank deposits, which are not restricted by liens, with original maturities of three months or less. For additional information about the restricted cash to be transferred to customers in respect of processing activity, see note 8 below.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

e. Inventory

Finished goods inventories are stated at the lower of cost and net realizable value. Cost is determined on a moving average basis. The cost of inventory includes all acquisition costs, conversion costs and other direct costs incurred in bringing the inventory to its current location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The Group periodically reviews the condition and age of the inventory, and makes impairment provisions if necessary.

f. Property and equipment

Property, plant and equipment items are initially recognized at acquisition cost. Subsequent costs are included as incurred in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When a part of a property, plant and equipment item is replaced, its carrying amount is derecognized.

All other repair and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred. Depreciation on assets is calculated using the straight-line method to depreciate their cost to their residual value over their estimated useful lives, as follows:

	%
Computers and peripheral equipment	33
Rental of POS devices	10-20
Machinery and equipment	10

Leasehold improvements are depreciated by the straight-line method over the earlier of the term of the lease or the estimated useful life of the improvements.

g. Intangible assets:

1) Capitalized development Costs

Intangible assets arising from development projects or from internally-developed new products, development of internally-used operational systems and integration of external systems with the Group's existing systems, are recognized as intangible assets, subject to the following conditions being met:

- a) The technical feasibility of completing the intangible asset so that it will be available for use exists;
- b) Management intends to complete the intangible asset and use or sell it;
- c) There is an ability to use or sell the intangible asset;
- d) The way the intangible asset will generate probable future economic benefits is demonstrable;
- e) The technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- f) The expenditure attributable to the intangible asset during its development can be reliably measured.

The Group monitors all its development projects to identify costs for recognition as an expense in profit or loss and costs for capitalization as an asset in the statement of financial position by making a distinction between:

- (1) Investments in new products (hardware and software), as opposed to expenses aimed at maintaining normal functionality;
- (2) Investment in integrations and opening markets; and
- (3) Investment in software for own use.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

g. Intangible assets (continued):

1) Capitalized development Costs (continued):

The Group reviews, in relation to each investment, whether it is designed to substantially enhance the functionality in a way that would increase the economic benefit flowing to the Group (i.e. higher revenue and/or cost savings).

Investments designed to enhance functionality in a way that would increase the economic benefit flowing to the Group are capitalized as an asset and presented within "goodwill and intangible assets, net" in the statement of financial position (subject to satisfying of the terms as instructed in IAS38 and listed in an extract above).

The main types of costs that capitalized as an intangible asset as of December 31, 2024 and 2023 are:

- (1) Payroll costs and related expenses, which are attributed by the Group to the different projects that meet the conditions for capitalization;
- (2) Cost of subcontractors, which are specifically identified to projects that meet the conditions for capitalization.
- (3) Share-based payment expenses attributed apportionately to payroll and related suppliers expenses arises from development.

Research costs are expensed as incurred to the "research and development expenses" item in the statement of profit or loss. Research costs of the Group in the reported periods are immaterial to its financial statements.

Development costs designed to maintain normal functionality or insignificantly enhance functionality, as well as development costs that are not identified with a project that can be capitalized, are expensed as incurred to "research and development expenses" in profit or loss.

Research and development expenses that were previously expensed to profit and loss are not recognized as intangible assets in subsequent reporting periods. Development costs presented as intangible assets are amortized from the point in time in which the asset is available for use, on a straight-line basis, over their useful lives (5 years). Development assets which have not yet reached the point in which the asset is available for use are tested for impairment every year.

2) Distribution rights and Brand

Distribution rights purchased as part of a business combination are recognized at fair value on the acquisition date. Separately purchased distribution rights are recognized at cost, plus directly attributable acquisition costs. The distribution rights have a definite useful life (3-20 years), and they are presented net of accumulated amortization on a straight-line basis.

3) Customer relationships

Customer relationships purchased as part of a business combination are recognized at fair value on the acquisition date. Separately purchased customer relationships are recognized at cost, plus directly attributable acquisition costs. The customer relationships have a definite useful life (4-10 years), and they are presented net of accumulated amortization on a straight-line basis.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

g. Intangible assets (continued):

4) Technology

Technology purchased as part of a business combination is recognized at fair value on the acquisition date. Technology has a definite useful life (5-7 years) and is presented net of accumulated amortization on a straight-line basis.

5) Goodwill

Goodwill arising from the acquisition of a business represents the overall excess of: (1) the consideration transferred; (2) the amount of any non-controlling interests in the acquiree; (3) in a business combination achieved in stages, also the existing fair value as of the acquisition date of the Group's previously held equity interest in the acquiree, over the net amount as of the acquisition date, of the identifiable assets acquired and the acquiree's liabilities and contingent liabilities assumed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated, as from the acquisition date to each of the cash generating units or groups of cash generating units of the Group that are expected to benefit from the synergies of the combination.

Impairment testing of a cash generating unit to which goodwill was allocated is undertaken annually and whenever there is any indication of impairment of the cash generating unit, by comparing the carrying amount of the cash generating unit, including the goodwill, to its recoverable amount, which is the higher of its value in use and the fair value less costs to sell.

h. Impairment of non-financial assets

Intangible assets that have an indefinite useful life, such as goodwill, as well as intangible assets that are not yet available for use, are not amortized and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that such assets might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling costs and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels of identifiable cash flows (cash-generating units).

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

i. Leases:

The Group accounts for a contract as a lease contract if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration:

1) The Group as a lessee:

In transactions in which the Group acts as lessee, the Group recognizes a right-of-use asset against a lease liability on the commencement date of the lease contract, except in the case of lease transactions with a lease term of up to 12 months and lease transactions for which the underlying asset value is low; in those cases, the Group recognizes the lease payments on a straight-line basis as an operating cost over the lease period.

As part of the measurement of the lease liability, the Group does not separate between lease and non-lease components, such as: management services, maintenance services and more, which are included in the relevant transaction.

The lease liability on the commencement date includes outstanding lease payments discounted by the interest rate implicit in the lease, if that rate can be readily determined, or by the lessee's incremental borrowing rate. The Group used the incremental borrowing rate, which is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Subsequent to the commencement date, the Company measures the lease liability using the effective interest method.

The right-of-use asset is measured using the cost model and depreciated over the shorter of its useful life and the lease period. When there are indications for impairment, the Group tests the right-of-use asset for impairment in accordance with the provisions of IAS 36.

2) The Group as a lessor:

Amounts due from finance leases are recognized as interest from receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognizing an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e. after a deduction of the loss allowance).

3) Subleases

In transactions where the Group leases an underlying asset (a head lease) and sub-leases that underlying asset to a third party (sublease), the Group checks whether the risks and rewards relevant to the right-of-use asset were transferred by, among other things, checking the sub-lease period in reference to the useful life of the right-of-use asset arising from the head lease.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

i. Leases (continued):

3) Subleases (continued):

When substantially all the risks and rewards incidental to ownership of the right-of-use asset were transferred, the Group accounts for the sub-lease as a finance lease. At sublease commencement date, the leased asset is derecognized and a “receivable in respect of finance lease” is recognized in an amount equal to the present value of the lease proceeds discounted by the lease’s implicit interest rate. Any difference between the balance of the leased asset prior to derecognition and the receivable balance in respect of the lease is recognized in profit and loss.

j. Financial instruments:

Hedge Accounting

Cash flow hedges

The objective of hedge accounting is to represent in the financial statements the effect of risk management activities that use financial instruments to manage the exposures arising from certain risks that could affect profit or loss or other comprehensive income. The Company reduces its exposure by entering into forward foreign exchange contracts with respect to operating expenses that are forecasted to be incurred in currencies other than the US Dollars. Certain operating expenditures are incurred in or exposed to other currencies, primarily the New Israeli Shekel. The Company has established forecasted transaction currency risk management programs to protect against fluctuations in fair value and the volatility of future cash flows caused by changes in exchange rates. The Company’s currency risk management program includes foreign exchange contracts designated as cash flow hedges.

Changes in the fair value of derivatives used to hedge cash flows, in accordance with the effective portion of the hedge, are recorded through other comprehensive income directly in a other capital reserve. With respect to the non-effective part, changes in the fair value are recognized in the statement of income. The amount recognized in the capital reserve is reclassified in the statement of income in the same period as the hedged cash flows affected profit or loss under the same line item in the statement of income as the hedged item. If the hedging instrument no longer meets the criteria for hedge accounting, expires or sold, terminated or exercised, then hedge accounting is discontinued. The cumulative gain or loss remains in other comprehensive income and is presented in the hedging reserve in equity until the forecasted transaction occurs or is no longer expected to occur and then is reclassified to the statements of income.

Classification of financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss and financial assets at amortized cost. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows in respect thereof.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

j. Financial instruments (continued):

Classification of financial assets (continued):

Financial assets at amortized cost are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at fair value through profit or loss are financial assets not classified into one of the categories of financial assets at amortized cost or financial assets at fair value through other comprehensive income.

The Group's financial assets at amortized cost are included in the following items: "receivables in respect of processing activity", "trade receivable", "other current assets", "cash and cash equivalents", "short-term bank deposits", "restricted cash transferable to customers in respect of processing activity", "Other long-term assets", "long-term bank deposits" in the statement of financial position.

Recognition and measurement

Ordinary course purchase and sales of financial assets are recorded in the Group's books of accounts on the date on which the asset is delivered to the Group or by the Group.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership associated with these assets. Financial assets at fair value through profit or loss are presented in subsequent periods at fair value. In subsequent periods, financial assets at amortized cost are measured based on the effective interest method.

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

Impairment of financial assets measured at amortized cost

The Group recognizes a provision for loss in respect of expected credit losses on debt instruments measured at amortized cost and lease receivables.

At each statement of financial position date, the Group assesses whether the credit risk of the financial asset has increased significantly since it was initially recognized, whether assessed on an individual or collective basis. For that purpose, the Group compares the risk of default at the reporting date with the risk of default on the initial recognition date, taking into account all reasonable and supportable information that is available, including forward-looking information.

For financial assets that experience a significant increase in their credit risk since initial recognition, the Group measures the impairment for loss at the amount of expected credit losses over the entire life of the instrument. Otherwise, the provision for loss is measured at the expected credit loss in a 12-month period.

However, the Group measures the provision for loss at an amount equal to expected credit losses over the instrument's life for trade receivables or assets in respect of contract with customers arising from transactions within the scope of IFRS 15, and for receivables in respect of lease, stemming from transactions within the scope of IFRS 16.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

j. Financial instruments (continued):

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, only when there is an immediate legally enforceable right (which is not conditional upon the occurrence of a future event) to offset the recognized amounts under all of the following circumstances: in the ordinary course of business, in the event credit default, insolvency or bankruptcy of the entity and of all counterparties, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss.

Financial liabilities measured at amortized cost:

Upon initial recognition, the Group measures the financial liabilities at fair value, net of transaction costs. Any differences between the amount of initial recognition (net of transaction costs) and the redemption value are recognized in the statement of profit or loss over the term of the financial liability, in accordance with the effective interest method.

Fees paid in respect of receipt of a credit facility are recognized as transaction costs attributed to the relevant loan, to the extent that it is probable that a portion or all of the credit facility amount shall be utilized. In such a case, the recognition of fees is deferred until the funds are actually withdrawn as part of the loan. If there is no evidence that a portion or all of the credit facility will be utilized, the fee is capitalized as a prepaid payment in respect of financing services and amortized over the term of the relevant credit facility.

Financial liabilities measured at fair value through profit or loss:

The Group measures these financial liabilities at fair value each reporting period. Transaction costs are recognized in profit or loss.

Financial liabilities are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

k. Trade receivables

Trade receivables are amounts due from customers for sales of POS devices or services performed in the ordinary course of business.

l. Trade payables

Trade payables are the Group's obligations to pay for goods or services that have been rendered by suppliers in the ordinary course of business.

m. Income taxes

Income tax expenses or benefit for the reported years include current and deferred taxes. Taxes are recognized in profit or loss, except for taxes arising from business combination and taxes relating to items carried to other comprehensive income or directly to equity, which are also recognized in other comprehensive income or equity, respectively, together with the item in respect of which they were created.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

m. Income taxes (continued):

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted in the countries in which Group companies operate and generate taxable income at the statement of financial position date. The Group periodically evaluates the tax aspects applicable to its taxable income based on the relevant tax laws and makes provisions in accordance with the amounts expected to be paid to the tax authorities.

The Group recognizes deferred income tax using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

The amount of deferred taxes is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for temporary differences that are tax deductible, up to the amount of the differences that are expected to be utilized in the future, against taxable income. Deferred tax assets are recognized in respect of unused carryforward losses, if it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

The Group does not recognize deferred taxes on temporary differences arising on investments in subsidiaries, since the timing of the reversal of the temporary differences is controlled by the Group and it is probable that these temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are off set only if: (a) An enforceable legal right exists to set off current tax assets against current tax liabilities; and; (b) Deferred tax assets and liabilities relate to income tax imposed by the same tax authority on the same entity or on different entities that intend to settle the balances on a net basis.

n. Revenue recognition

The Group has revenues from sales of Point of Sales (POS) devices, software as a service (SaaS) and payment processing fees.

1) Revenue measurement

The revenue of the Group is measured at the amount of the consideration to which the Group expects to be entitled in exchange for transferring promised terminals or services to a customer, excluding amounts collected on behalf of third parties, such as certain selling taxes. Revenue is presented net of VAT and after elimination of intra-group revenue.

2) Timing of revenue recognition

The Group recognizes revenue when the customer obtains control of the promised goods or service under the contract with the customer. For each performance obligation, the Group determines, when entering into a contract, if it satisfies the performance obligation over time or at a point in time.

The group satisfies a performance obligation over time if one of the following criteria is met: (1) the customer is receiving and consuming the benefits of the Group's performance as the Group performs; (2) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (3) the Group's performance does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to that date.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

n. Revenue recognition (continued):

3) Types of revenues of the Group

Revenue from sales of POS devices

The Group sells POS devices to customers.

Pursuant to IFRS 15, goods or services promised to a customer are distinct if the customer can benefit from the good or service supplied (either on its own or together with other resources that are readily available); and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

The POS devices sold to the Group's customers enable multiple functionalities. The sale of the POS device does not oblige the customer to purchase a full solution or to make a further purchase of the Group's services. Accordingly, the POS devices constitute a performance obligation that is separate from the service component, and the Group recognizes revenues from sales of POS devices at a point in time, when control of the POS devices is transferred to its customers.

SaaS revenue and payment processing fees (hereafter –"Recurring revenue")

The Group provides management services and payment processing services. The consideration for the management services includes monthly fees in respect of each POS device. The consideration for the payment processing fees includes processing services, which are mostly calculated as a percentage of the transaction's value and/or a defined fee for each processed transaction. Payment is made per the normal payment terms of the Company, which are generally 15 to 60 days from the date of the invoice. The revenue from those services is recognized in the period the services are rendered.

The Group recognizes the payment processing fees collected from its customers on a gross basis, since the Group controls the specified services before it is transferred to the customers, in accordance with the provisions of IFRS 15. In particular, the Group is primarily responsible for fulfilling the promise to provide the payment processing services to the customer, and the Group has discretion in establishing the price for the specified services. As a payment service provider, the Group acts as a merchant of record for its merchants. The Group bears the risk of chargebacks if amounts cannot be recovered from the customer. The fees paid to the processing companies are recognized as expenses under cost of revenue.

Allocation of the consideration in transactions that include the sale of POS devices and the above related services is based on the relative stand-alone selling price of each performance obligation based on the price at which a good or service is sold separately.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

o. Share-based payments

From time to time, the Group's Board of Directors approves plans for the award of options or RSUs to the Group's employees and suppliers, whereby the Group receives services from its employees and/or suppliers in consideration for equity instruments (options) of the Group.

The amount recognized for share-based payments to employees is determined in reference to the fair value of the options or RSUs granted on the grant date. Non-market vesting terms are included among the assumptions used to estimate the number of options expected to vest, such that the expense is recognized during the vesting period. As to other service providers, the cost of the transactions is measured in accordance with the fair value of the goods or services received in return for the equity instruments that were granted. Where it is not possible to measure reliably the fair value of the goods or services received in consideration for equity instruments, they are measured at the fair value of the granted equity instruments. At each statement of financial position date, the Group revises its estimates as to the number of options expected to vest, based on the non-market vesting conditions, and recognizes the impact of the change compared to the original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to equity.

p. Earnings (Loss) per share

The computation of basic earnings (loss) per share is based on the profit (loss) attributable to holders of ordinary shares, divided by the weighted average number of ordinary shares outstanding during the period. When calculating the diluted earnings (loss) per share, the Group adds to the average number of ordinary shares outstanding, that was used to calculate the basic earnings per share, the weighted average of the number of shares to be issued assuming that all shares that have a potentially dilutive effect would be converted into shares. Potential Ordinary Shares are only taken into account in cases where their effect is dilutive (reducing the earnings per share or increasing the loss per share).

q. Provisions

Provisions are recorded when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

r. New International Financial Reporting Standards:

On April 9, 2024, the International Accounting Standards Board (IASB) issued IFRS 18, Presentation and Disclosure in Financial Statements, which will replace IAS 1. The new standard introduces significant changes to the presentation of Financial Statements:

1. New categories and subtotals in the statement of profit or loss: The standard requires entities to classify income and expenses into operating, investing, and financing categories, enhancing comparability across entities.
2. Management-defined performance measures (MPMs): Entities must disclose MPMs in a single note to the financial statements, providing transparency about measures that management uses to assess financial performance.
3. Enhanced aggregation and disaggregation principles: The standard provides guidance to ensure that financial information is presented in a way that is useful to users, preventing the obscuring of material information.

In addition, certain amendments have been made to IAS 7, Statements of cash flows. The standard is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted. The Company is currently evaluating the potential impact of IFRS 18 on its financial statements, including whether to adopt the standard earlier than its mandatory effective date.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION (continued):

r. New International Financial Reporting Standards (continued):

In May 2024, the IASB issued an amendment to IFRS 9, *Financial Instruments*, clarifying the timing of recognition and derecognition of financial assets and liabilities. Among other aspects, the amendment introduces a new exception for the derecognition of financial liabilities when settled through electronic payment systems.

Under the revised guidance, an entity may derecognize a financial liability when it has initiated an irrevocable payment instruction via an electronic payment system. The conditions for the exception are that the entity making the payment does not have: (a) the practical ability to withdraw, stop or cancel the payment instruction; (b) the practical ability to access the cash, and; (c) significant settlement risk.

The amendment is effective for annual reporting periods beginning on or after January 2026, with earlier application permitted. The company is assessing the impact of this amendment on its financial statements.

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

As part of financial reporting, the Group's management makes assumptions and estimates that impact the value of assets, liabilities, income, expenses, and disclosures in the consolidated financial statements. These estimates are based on historical experience and expectations of future events, but may differ from actual results. The Group regularly reviews these estimates, considering relevant facts, historical data, external factors, and other reasonable assumptions in light of current circumstances. Below are the key accounting estimates and judgments, which involve significant uncertainty. The Group takes into account, as applicable, the relevant facts, historical experience, impact of external factors and reasonable assumptions in accordance with the circumstances.

1) Capitalized development costs

The Group capitalizes development costs as intangible assets when specific conditions are met (as outlined in note 2(g)), while costs that do not meet these conditions are expensed as incurred. Management exercises judgment to determine if each project meets the criteria for capitalization, and eligible costs are recognized as development assets. The estimated useful life and amortization of these assets are based on the expected period for marketing the products developed. These estimates may change due to technological advancements or market conditions. If the useful life is revised, amortization may increase, or development assets may be impaired or written off if they become obsolete.

2) Distribution rights, customer relationship and technology

Distribution rights, customers relationship and technology recognized as a result of business combinations carried out by the Group are amortized on an ongoing basis on a straight-line basis in accordance with expected useful life. The Company assesses the need to change the intangible assets' useful lives on an ongoing basis.

3) Determining the lease terms

The Group applies IFRS 16 to account for leases. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Based on historical experience and its business plans, the Company assesses whether it is expected that the extension options included in the lease agreements it entered into shall be exercised or not.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4) Fair value of share-based payments

The fair value of the Group's equity instruments that were granted to its employees is determined using valuation methods. Fair value of stock-option awards was determined using a the Black-Scholes option pricing model, which requires a number of assumptions, of which the most significant are the share price, volatility, and the expected option term. Expected volatility was estimated based on the historical volatility of the company. The risk-free interest rate is based on the yield from U.S. treasury bonds with an equivalent term.

5) Deferred tax assets

Deferred tax assets are recognized in respect of carryforward losses and unused deductible temporary differences, if it is probable that future taxable income will exist against which they can be utilized. A management estimate is required to determine the amount of the deferred tax asset that can be recognized based on the timing, amount of expected taxable income, its origin and tax planning strategy.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's risk management plan focuses on the uncertainty of the financial markets seeking to minimize potential negative impacts on the Group's financial performances. Group's risk management is carried out under policies approved by senior management. This policy relates to management of market risks, credit risks, liquidity risks and capital risks (cash management risks).

1) Market risks:

a) Foreign exchange risks

The Group operates internationally and is exposed to fluctuations in exchange rates of various currencies, primarily with respect to the exchange rates of the NIS, Euro, GBP and AUD against the US Dollar.

Foreign exchange risks arise from commercial transactions, assets or liabilities, or net investments in foreign operations which are denominated in a currency which is not the entity's functional currency. The following table presents a sensitivity test as of December 31, 2024, 2023 and 2022 to reasonably possible changes in the exchange rates, when all other variables remain unchanged. The impact on pre-tax income of the Group is due to changes in financial assets and liabilities.

Foreign currency	Years	Sensitivity test for changes in exchange rate	
		Income (loss) from change	
		10% increase in exchange rate	10% decrease in exchange rate
		US Dollars in thousands	
NIS	2024	(3,524)	3,524
	2023	(1,762)	1,762
	2022	(2,168)	2,168
EUR	2024	(1,644)	1,644
	2023	(1,698)	1,698
	2022	1,288	(1,288)
GPB	2024	316	(316)
	2023	123	(123)
	2022	713	(713)
AUD	2024	233	(233)
	2023	40	(40)
	2022	201	(201)

b) Risk in respect of interest rate change

Risks related to interest rates stem from changes in interest rates, which may have an adverse effect on the Group's net income or cash flows. Changes in interest rates trigger changes in the Group's interest income and expenses in respect of interest-bearing assets and liabilities.

The Company has loans from an Israeli bank which have the, variable interest rate, Secured Overnight Financing Rate (SOFR) and prime rate.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued):

Financial risk factors (continued):

2) Credit risks

Credit risk is managed on a Group level. Credit risks arise mainly from cash and cash equivalents, bank deposits, and credit exposures to receivables. The Group carries out a risk assessment by assessing the credit quality of each customer, taking into account the customer's financial position, past experience, and other factors. The Group settles the processing fee before remitting funds to the customers.

The loss allowance for trade receivables as of December 31, 2024 and 2023 was determined as follows:

December 31, 2024	Not overdue	Over 30 days overdue	Over 60 days overdue	Over 120 days overdue	Total
	US Dollar in thousands				
Gross carrying amount – trade receivables	45,592	2,629	465	10,787	59,473
Less – provision of allowance for credit loss	-	-	-	(3,779)	(3,779)
Trade receivable	<u>45,592</u>	<u>2,629</u>	<u>465</u>	<u>7,008</u>	<u>55,694</u>
December 31, 2023	Not overdue	Over 30 days overdue	Over 60 days overdue	Over 120 days overdue	Total
	US Dollar in thousands				
Gross carrying amount – trade receivables	25,023	1,818	3,851	12,474	43,166
Less – provision of allowance for credit loss	-	-	-	(1,866)	(1,866)
Trade receivable	<u>25,023</u>	<u>1,818</u>	<u>3,851</u>	<u>10,608</u>	<u>41,300</u>

Most of the Group's cash and cash equivalents as of December 31, 2024 and 2023 were deposited with Israeli, European and American banks. In the opinion of the Group, the credit risk arising from those balances with banks is low. In respect of the processing activity, the Group has a restricted cash balance for transfer to customers and is also entitled to receive proceeds from international processing companies. In the opinion of the Group, the credit risk arising from the balances with those processing companies is low.

3) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and credit facilities to fund operations. In view of the dynamic nature of its business activity, the Group maintains financing flexibility through maintaining the availability of credit facilities from banks and investments in share capital.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued):

3) Liquidity risk (continued):

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts presented in the table represent undiscounted cash flows.

	<u>Less than one year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
US Dollars in thousands					
December 31, 2024:					
Short-term loans	25,276	-	-	-	25,276
Long-term bank loans	6,009	11,213	9,566	1,812	28,600
Lease liabilities	3,072	3,724	627	26	7,449
Payables in respect of processing activity	132,612	-	-	-	132,612
Trade payables	21,059	-	-	-	21,059
Other payables	33,887	-	-	-	33,887
Total	<u>221,915</u>	<u>14,937</u>	<u>10,193</u>	<u>1,838</u>	<u>248,883</u>
	<u>Less than one year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
US Dollars in thousands					
December 31, 2023:					
Short-term loans	47,477	-	-	-	47,477
Long-term bank loans	1,110	370	-	-	1,480
Long-term loans from others	3,835	-	-	-	3,835
Liability in respect of purchase of servers	99	74	-	-	173
Lease liabilities	2,325	1,897	2,022	495	6,739
Payables in respect of processing activity	104,523	-	-	-	104,523
Trade payables	17,464	-	-	-	17,464
Other payables	25,650	-	-	-	25,650
Total	<u>202,483</u>	<u>2,341</u>	<u>2,022</u>	<u>495</u>	<u>207,341</u>

Group Management periodically reviews the ratio between future cash flows that will arise from maturities of its liabilities and the future cash flows that will arise from maturities of its financial assets; where necessary, the Group changes its liability mix and the timing of their maturity.

4) Capital risk:

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stockholders and to maintain an optimal capital structure to reduce the cost of capital.

From time to time the Group assesses, as applicable, the need to raise funds from external investors.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued):

4) Capital risk (continued):

Changes in financial liabilities, the cash flows in respect of which are classified as cash flows from financing activities:

	Short-term credit	Long-term bank loans	Loans from others	Lease liabilities	Other liabilities	Total
	US Dollars in thousands					
Balance at January 1, 2024	47,477	1,428	3,920	6,294	170	59,289
Changes in 2024:						
Liabilities added in respect of new leases	-	-	-	1,875	-	1,875
Liabilities added in respect of loans from banks and others	-	22,835	-	-	-	22,835
Liabilities added in respect of acquisitions	561	-	-	1,519	-	2,080
Cash flows paid	(23,315)	(3,177)	(3,837)	(2,655)	(47)	(33,031)
Amounts recognized in profit or loss and other changes	553	1,497	(83)	12	(123)	1,856
Balance at December 31, 2024:	<u>25,276</u>	<u>22,583</u>	<u>-</u>	<u>7,045</u>	<u>-</u>	<u>54,904</u>
Balance at January 1, 2023	7,684	2,496	7,367	8,150	362	26,059
Changes in 2023:						
Liabilities added in respect of new leases	-	-	-	595	-	595
Liabilities added in respect of loans from banks and others	39,135	-	-	-	-	39,135
Cash flows paid	-	(998)	(3,626)	(2,182)	(182)	(6,988)
Amounts recognized in profit or loss and other changes	658	(70)	179	(269)	(10)	488
Balance at December 31, 2023:	<u>47,477</u>	<u>1,428</u>	<u>3,920</u>	<u>6,294</u>	<u>170</u>	<u>59,289</u>
Balance at January 1 2022	-	5,166	3,220	6,895	721	16,002
Changes in 2022:						
Liabilities added in respect of new leases	-	-	-	2,014	-	2,014
Liabilities added in respect of loans from banks and others	5,874	-	6,908	-	-	12,782
Liabilities added in respect of acquisitions	2,000	-	-	1,696	-	3,696
Cash flows paid	-	(2,282)	(2,577)	(2,146)	(288)	(7,293)
Amounts recognized in profit or loss and other changes	(190)	(388)	(184)	(309)	(71)	(1,142)
Balance at December 31 2022:	<u>7,684</u>	<u>2,496</u>	<u>7,367</u>	<u>8,150</u>	<u>362</u>	<u>26,059</u>

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued):

5) Fair Value Measurement:

The Company measures certain financial instruments and non-financial assets at fair value on a recurring or non-recurring basis in accordance with IFRS 13. The fair value hierarchy categorizes the inputs used in valuation techniques into three levels, as defined below:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table shows the fair value hierarchy of financial instruments measured at fair value as of December 31, 2024 and 2023:

Assets	Level 2	Level 3	Total
January 1, 2024	42	1,831	1,873
Initially recognized	3,139	-	3,139
Changes in fair value	428	(1,436)	(1,008)
December 31, 2024	3,609	395	4,004
January 1, 2023	-	-	-
Initially recognized	42	1,918	1,960
changes in fair value	-	(87)	(87)
December 31, 2023	42	1,831	1,873
Liabilities	Level 2	Level 3	Total
January 1, 2024	(1,484)	(12,141)	(13,625)
Initially recognized	-	(2,132)	(2,132)
Changes in fair value	559	(1,137)	(578)
December 31, 2024	(925)	(15,410)	(16,335)
January 1, 2023	(1,448)	-	(1,448)
Initially recognized	-	(12,141)	(12,141)
changes in fair value	(36)	-	(36)
December 31, 2023	(1,484)	(12,141)	(13,625)

For each level, the following key assumptions were applied:

- Level 2: The fair value of Level 2 instruments is derived using observable inputs, including interest rates, yield curves, credit spreads, and foreign exchange rates. Valuation techniques such as discounted cash flow models, Black and Scholes and comparable market transactions are utilized, with inputs obtained from reputable market data sources.
- Level 3: Instruments classified under Level 3 are valued using models that incorporate significant unobservable inputs. These may include company's assumptions regarding future cash flows, discount rates, market liquidity, and counterparty credit risk. The valuation process involves management judgment, and sensitivity analyses are conducted to assess the impact of changes in key assumptions.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - SEGMENT REPORTING

The Group operates in a single reportable segment; the center of its activities is in Israel, and all of its sales are carried out in USA, Europe, UK, Australia, Israel and the rest of the world. Set forth below is a breakdown of revenues from external parties by geographic regions:

	For the year ended December 31		
	2024	2023	2022
	US Dollars in thousands		
USA	123,033	83,528	60,270
Europe (excluding UK)	76,000	72,887	48,664
UK	38,688	26,391	21,931
Australia	27,521	22,484	17,235
Israel	16,967	13,095	14,129
Rest of the world	31,804	17,106	11,285
	<u>314,013</u>	<u>235,491</u>	<u>173,514</u>

Set forth below is a breakdown of the non-current assets, excluding deferred tax assets and financial assets, by geographic regions:

	As of December 31	
	2024	2023
	US Dollars in thousands	
Israel	106,215	97,209
USA	12,615	13,696
Rest of the world	16,247	1,027
	<u>135,077</u>	<u>111,932</u>

In 2024, 2023 and 2022, the Group did not have any single customer representing 10% or more of its sales.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - BUSINESS COMBINATIONS

a. Acquisition of VMtecnologia LTDA.

On April 30, 2024, the company successfully completed the acquisition of the entire share capital of VM tecnologia LTDA. (hereinafter "VM"), a Brazilian entity incorporated under the laws of Brazil and operates in the unattended retail market with an easy-to-use, proprietary and secure technology.

VM's solution simplifies and enables the operation of autonomous stores with hardware, point-of-sale software, and payment solutions. The purchase consideration and remuneration comprised of (1) approximately \$12,762 thousands in cash on the closing date (BRL 66,000 thousands) reduced by the Estimated Indebtedness and increased by the Estimated Cash, amounted to \$11,345 thousands (BRL 58,653) (2) Deferred and contingent consideration of approximately \$8,508 thousands (BRL 44,000 thousands) where an amount of \$3,414 (BRL 17,887 thousands) recognized as consideration of the acquisition at fair value and the remaining amount will be recognized as remuneration. The contingent consideration of approximately \$1,209 thousand (BRL 6,252 thousands) measured at fair value through profit and loss and subject to VM's revenue performance, and the deferred consideration of approximately \$2,205 thousands (BRL 11,401 thousands) measured in amortized cost and subject to final Cash, Indebtedness and Working Capital adjustments (as defined in the purchase agreement). One individual seller will receive his portion by cash, the other sellers may receive, in company's sole discretion, up to 50% of the consideration in company's shares, all to be paid in installments up to April 30, 2027 and subject to certain revenue growth conditions (3) Contingent liability structured as an earnout of approximately \$5,317 thousands (BRL 27,500 thousands) where \$4,834 thousands (BRL 25,000 thousands) treated as share based compensation that is not part of the consideration of the acquisition and shall be paid by the Company's shares, at the share price of the Company determined at the closing date and the remaining amount of approximately \$483 thousands (BRL 2,500 thousands) will be recognized as a liability, both are due on April 30, 2027.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - BUSINESS COMBINATIONS (continued)

a. Acquisition of VMtecnologia LTDA. (continued)

The acquisition has been accounted for using the acquisition method. The identifiable assets acquired, and liabilities assumed have been measured at fair values as of the acquisition date. The following table summarizes the fair values of the identifiable assets and liabilities at the acquisition date:

	US Dollars in thousands
Cash	11,345
Deferred consideration	2,205
Contingent consideration	1,209
Total consideration	14,759
Amounts recognized on the acquisition date:	
Cash and cash equivalents	99
Trade receivables	669
Other receivables	651
Property and equipment	6,015
Right of use	46
Brand	1,292
Customer relations	3,773
Technology	2,926
Trade payables	(407)
Other payables	(710)
Other liabilities	(684)
Lease liability	(53)
Long term liabilities	(433)
Deferred Tax Liability	(2,734)
Total identifiable assets, net	10,450
Goodwill (*)	4,309
Total consideration	14,759
Cash paid upon the acquisition of a subsidiary	11,345
Cash and cash equivalents consolidated for the first time	(99)
As reported in cash flows from investing activities for the acquisition	11,246

The excess of the purchase consideration over the fair value of the net identifiable assets has been recorded as Goodwill. Goodwill represents the expected synergies and intangible assets that do not qualify for separate recognition.

The following is information about revenues and losses of the Group under the assumption that VM transaction was completed on January 1, 2024: (1) The Group's revenues for the reported period ended December 31, 2024, would have been \$317,421 thousand, compared to \$314,013 thousand as reported, and; (2) The Group's losses for reported period ended December 31, 2024, would have been \$4,740 thousand compared to \$5,631 thousand as reported.

The additional revenue included in the consolidated income statement since the acquisition date resulting from consolidating VM's results was \$8,117 thousand during the reported period. Additionally, the consolidation of VM resulted in a decrease by \$797 thousand in the loss for the reported period ended December 31, 2024.

(*) The elements and factors that the Company paid above the fair value of the net identifiable assets recognized, represented as goodwill for VM's expressed by synergy of good reputation, an especially talented workforce. Thus, the Goodwill resulted from the acquisition of VM represents the excess of the acquisition consideration on the acquisition date in fair value over the net identifiable assets acquired and liabilities assumed.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - BUSINESS COMBINATIONS (continued)

b. Acquisition of Roseman Engineering Ltd.

On April 1, 2024, (hereinafter "the acquisition date") the Company completed the acquisition of the entire share capital of Roseman Engineering Ltd. and Roseman Holdings Ltd. (hereinafter, together, "Roseman"). Roseman, a private entity incorporated under the laws of Israel, manage smart systems in the fields of refueling, charging stations and management systems for forecourts and vehicle fleets. The purchase consideration comprises of cash in amount of approximately \$4,089 thousands (NIS 15,200 thousands), deferred consideration in amount of approximately \$555 thousands (NIS 2,100 thousands) and the issuance of 19,722 Ordinary Shares worth of approximately \$505 thousands (NIS 1,900 thousands) which presents their fair value through Company's equity transferred at the closing date.

The acquisition has been accounted for using the acquisition method. The identifiable assets acquired, and liabilities assumed have been measured at fair values as of the acquisition date. The following table summarizes the fair values of the identifiable assets and liabilities at the acquisition date:

	US Dollars in thousands
Cash	4,089
Deferred consideration	555
Issuance of Ordinary Shares	505
Total consideration	5,149
Amounts recognized on the acquisition date:	
Cash and cash equivalents	401
Trade receivables	2,643
Inventory	1,269
Other receivables	284
Right of use assets	1,466
Property and equipment	158
Customer relations	1,109
Technology	665
Deferred Income	(693)
Trade payables	(635)
Other liabilities	(754)
Other payables	(1,744)
Lease liabilities	(1,466)
Deferred Tax Liability	(408)
Total identifiable assets, net	2,295
Goodwill (*)	2,854
Total consideration	5,149
Cash paid upon the acquisition of a subsidiary	4,089
Cash and cash equivalents consolidated for the first time	(401)
As reported in cash flows from investing activities for the acquisition	3,688

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - BUSINESS COMBINATIONS (continued)

b. Acquisition of Roseman Engineering Ltd. (continued)

The excess of the purchase consideration over the fair value of the net identifiable assets has been recorded as Goodwill. Goodwill represents the expected synergies and intangible assets that do not qualify for separate recognition.

The following is information about revenues and losses of the Group under the assumption that Roseman transaction was completed on January 1, 2024: (1) The Group's revenues for the reported period ended December 31, 2024, would have been \$315,847 thousand, compared to \$314,013 thousand as reported, and; (2) The Group's losses for reported period ended December 31, 2024, would have been \$5,827 thousand compared to \$5,631 thousand as reported.

The additional revenue included in the consolidated income statement since the acquisition date resulting from consolidating Roseman's results was \$7,488 thousand during the reported period. Additionally, the consolidation of Roseman resulted in a decrease of \$1,090 thousand in the loss for the reported period ended December 31, 2024.

(*) The elements and factors that the Company paid above the fair value of net identifiable assets recognized, represented as goodwill for Roseman's expressed by synergy of good reputation, brand identity, an especially talented workforce. Thus, the Goodwill resulted from the acquisition of Roseman represents the excess of the acquisition consideration on the acquisition date in fair value over the net identifiable assets acquired and liabilities assumed.

c. Acquisition of Retail Pro

On November 30, 2023, (hereinafter "The Closing Date") the company successfully concluded its acquisition of Retail Pro International, LLC (hereinafter "RPI"), a leading global entity in retail Point of Sale (POS) software. RPI owns an intellectual property catering to both mid-size and global retailers with a full-featured, flexible product designed to navigate the complexities of the global retail landscape. The purchase price for the transaction represents an implied enterprise value of \$34.5 million on a cash-free debt-free basis, to be paid partially in cash and the remainder in cash or equity, subject to certain earnout targets being met (refer to note 14). The remaining amount of approximately \$14.6 million will be paid over a three-year period, since the specific earnout targets were met as of the date of these financial statements, and may be settled in either cash or equity at the company's discretion (hereinafter "Contingent consideration"). It will be broken up into 5 payments, with the first payment of 33% of the contingent consideration (approximately \$5.5 million) being due January 2025, and the rest being broken up into 4 semi-annual payments of 16.67% of the contingent consideration (approximately \$2,768 thousand each) beginning July 2025. The first payment of the contingent consideration will include a reduction of \$2 million due to a portion of deferred revenues.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - BUSINESS COMBINATIONS (continued)

c. Acquisition of Retail Pro (continued)

The following table presents the consideration for RPI's acquisition, and the amounts recognized for assets acquired and liabilities assumed at fair value:

	US Dollars in thousands
Consideration paid in cash	18,759
Contingent Consideration	12,141
Total consideration	30,900
Amounts recognized on the acquisition date:	
Cash and cash equivalents	430
Trade receivables	1,854
Other receivables	280
Property and equipment	140
Technology	20,148
Customer relations	7,092
Brand	3,031
Trade payables	(1,339)
Other payables	(924)
Deferred Tax Liability	(2,626)
Total identifiable assets, net	28,086
Goodwill (*)	2,814
Total consideration	30,900
Cash paid upon the acquisition of a subsidiary	18,759
Cash and cash equivalents consolidated for the first time	(430)
As reported in cash flows from investing activities for the acquisition	18,329

Other expenses for the year ended December 31, 2023 were approximately \$444 thousand, primarily attributable to professional fees incurred in connection with RPI acquisition. The following is information about revenues and losses of the Group under the assumption that the RPI transaction was completed on January 1, 2023: (1) The Group's revenues for the year ended December 31, 2023, would have been \$251,391 thousand, compared to \$235,491 thousand as reported, and; (2) The Group's losses for year ended December 31, 2023, would have been \$8,910 thousand compared to \$15,887 thousand as reported.

The additional revenue included in the consolidated income statement since Acquisition Date resulting from consolidating RPI's results was \$503 thousand during the year. Additionally, the consolidation of RPI resulted in an increase by \$310 thousand in the loss for the year.

(*) The elements and factors that the Company paid above the fair value of the net identifiable assets recognized, represented as goodwill for RPI's expressed by synergy of good reputation, and an especially talented workforce. Thus, the Goodwill resulted from the acquisition of RPI represents the excess of the acquisition consideration on the acquisition date in fair value over the net identifiable assets acquired and liabilities assumed.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Below is the composition of cash and cash equivalents by US Dollar and other currencies:

	December 31,	
	2024	2023
	US Dollars in thousands	
US Dollar	56,141	14,673
New Israeli Shekel	4,939	9,777
Euro	4,758	3,044
British pound sterling	5,169	2,026
Australian Dollar	1,495	1,078
Other currencies	10,628	7,788
	<u>83,130</u>	<u>38,386</u>

NOTE 8 - RESTRICTED CASH TRANSFERABLE TO CUSTOMERS FOR PROCESSING ACTIVITY

Nayax Europe, a subsidiary of the Group, holds a Payment Institution License from the central bank of Lithuania and is licensed to hold and transfer funds to the Group's customers across Europe for the purpose of the Group processing activity in Europe. In accordance with the requirements of the central bank of Lithuania, the funds of Nayax Europe's customers are held in a segregated account before being transferred to customers. Nayax Financial Services, a subsidiary of the group, also holds a Payment Institution License. Nayax Financial Services specializes in providing payment and acquiring services for the group's customers, including payment management solutions and segregated accounts services in various regions. The license for Nayax Financial Services was granted by the Financial Conduct Authority (the "FCA"), a regulatory body in the UK.

As of December 31, 2024 and 2023, \$60,299 and \$49,858 thousand, respectively, were held in segregated accounts for the Group's customers.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - TRADE RECEIVABLES

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components then they are recognized at fair value. The balance subsequently measured at amortized cost less allowance for credit losses. Below is the composition of trade receivables in net values:

a. Composed as follows:

	December 31,	
	2024	2023
	US Dollars in thousands	
Open accounts	59,473	43,166
Less – provision of allowance for credit loss	(3,779)	(1,866)
Trade receivables - net	55,694	41,300

For information about receivable aging and calculating the impairment of accounts receivables in 2024 and 2023, see note 4(2).

b. Changes in provision of allowance for credit loss:

	US Dollars in thousands
Balance as of January 1, 2024	1,866
Amounts provided against profit or loss in respect of receivables for which the provision for loss is measured over the entire life of the receivable balance	1,913
Balance as of December 31, 2024	3,779
Balance as of January 1, 2023	2,432
Amounts provided against profit or loss in respect of receivables for which the provision for loss is measured over the entire life of the receivable balance	(566)
Balance as of December 31, 2023	1,866

NOTE 10 - LEASES

a. General

As of December 31, 2024, the Group had right of use assets related to leased buildings used as the Group's used for operating activities. Set forth below are the right-of-use asset years of depreciation and the interest rates used to discount the lease payments:

	Years of depreciation	Interest rate
Buildings	2-4	1.5%-5%

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - LEASES (continued)

b. Composition and movement of right-of-use assets:

The following is the composition of right-of-use asset balances as of December 31, 2024:

	Buildings
	US Dollars in thousands
Cost:	
Balance as of January 1, 2024	11,087
Additions during the year	1,653
Additions in respect of acquisition	1,512
Other changes	249
Balance as of December 31, 2024	14,501
Depreciation and amortization:	
Balance as of January 1, 2024	5,746
Depreciation during the year	2,463
Balance as of December 31, 2024	8,209
Right-of-use assets - net	6,292

The following is the composition of right-of-use asset balances as of December 31, 2023:

	Buildings	Technological equipment	Total
	US Dollars in thousands		
Cost:			
Balance as of January 1, 2023	10,947	331	11,278
Additions during the year	338	-	338
Disposals	(455)	(331)	(786)
Other changes	257	-	257
Balance as of December 31, 2023	11,087	-	11,087
Depreciation and amortization:			
Balance as of January 1, 2023	3,579	318	3,897
Depreciation during the year	2,167	11	2,178
Disposals	-	(329)	(329)
Balance as of December 31, 2023	5,746	-	5,746
Right-of-use assets - net	5,341	-	5,341

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – LEASES (continued):

b. Composition and changes in right-of-use assets (continued):

The following is the composition of right-of-use asset balances as of December 31, 2022:

	Buildings	Technological equipment	Total
	US Dollars in thousands		
Cost:			
Balance as of January 1, 2022	7,382	331	7,713
Additions during the year	2,048	-	2,048
Additions in respect of acquisition	1,722	-	1,722
Disposals	(462)	-	(462)
Other changes	257	-	257
Balance as of December 31, 2022	<u>10,947</u>	<u>331</u>	<u>11,278</u>
Depreciation and amortization:			
Balance as of January 1, 2022	2,186	252	2,438
Depreciation during the year	1,731	66	1,797
Disposals	(338)	-	(338)
Balance as of December 31, 2022	<u>3,579</u>	<u>318</u>	<u>3,897</u>
Right-of-use assets - net	<u>7,368</u>	<u>13</u>	<u>7,381</u>

c. Composition and changes in lease liabilities

The following table summarizes the composition of lease liability balances as of December 31, 2024:

	Buildings US Dollars in thousands
Balance as of January 1, 2024	6,294
Additions during the year	1,653
Additions in respect of acquisition	1,519
Interest expenses	342
Lease payments	(2,997)
Other changes	234
Balance as of December 31, 2024	<u>7,045</u>
Current maturities of lease liabilities	2,967
Long-term lease liabilities	4,078
Balance as of December 31, 2024	<u>7,045</u>

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – LEASES (continued):

c. Composition and changes in lease liabilities (continued):

The following table summarizes the composition of lease liability balances as of December 31, 2023:

	Buildings	Technological equipment	Total
	US Dollars in thousands		
Balance as of January 1, 2023	8,141	9	8,150
Additions during the year	338	-	338
Interest expenses	330	-	330
Lease payments	(2,503)	(9)	(2,512)
Other changes	(12)	-	(12)
Balance as of December 31, 2023	<u>6,294</u>	<u>-</u>	<u>6,294</u>
Current maturities of lease liabilities	2,145	-	2,145
Long-term lease liabilities	4,149	-	4,149
Balance as of December 31, 2023	<u>6,294</u>	<u>-</u>	<u>6,294</u>

The following table summarizes the composition of lease liability balances as of December 31, 2022:

	Buildings	Technological equipment	Total
	US Dollars in thousands		
Balance as of January 1, 2022	6,769	126	6,895
Additions during the year	2,014	-	2,014
Additions in respect of acquisition	1,696	-	1,696
Disposals	(131)	-	(131)
Interest expenses	293	3	296
Lease payments	(2,036)	(111)	(2,147)
Other changes	(464)	(9)	(473)
Balance as of December 31, 2022	<u>8,141</u>	<u>9</u>	<u>8,150</u>
Current maturities of lease liabilities	2,197	9	2,206
Long-term lease liabilities	5,944	-	5,944
Balance as of December 31, 2022	<u>8,141</u>	<u>9</u>	<u>8,150</u>

- d. The Group incurred expenses in the amounts of \$402, \$330 and \$209 thousand in 2024, 2023 and 2022, respectively, related to short-term leases, which were included in research and development expenses and selling, general and administrative expenses.**

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Composition of property and equipment and accumulated depreciation thereon, grouped by major classifications, and changes therein in 2024, are as follows:

	<u>Leasehold improvements</u>	<u>Computers and peripheral equipment</u>	<u>Rented POS devices</u>	<u>Machines and equipment</u>	<u>Total</u>
	US Dollars in thousands				
Cost:					
Balance as of January 1, 2024	3,969	16,071	639	586	21,265
Additions	46	1,364	1,818	5	3,233
Acquired through business combinations	49	273	5,806	45	6,173
Disposals	-	(83)	-	-	(83)
Translation differences	(9)	(41)	(1,349)	(3)	(1,402)
Balance as of December 31, 2024	<u>4,055</u>	<u>17,584</u>	<u>6,914</u>	<u>633</u>	<u>29,186</u>
Accumulated depreciation:					
Balance as of January 1, 2024	1,194	13,720	552	312	15,778
Depreciation during the year	390	1,284	937	75	2,686
Disposals	-	(82)	-	-	(82)
Translation differences	(3)	(19)	(285)	(1)	(308)
Balance as of December 31, 2024	<u>1,581</u>	<u>14,903</u>	<u>1,204</u>	<u>386</u>	<u>18,074</u>
Net book value:					
As of December 31, 2024	<u>2,474</u>	<u>2,681</u>	<u>5,710</u>	<u>247</u>	<u>11,112</u>

Composition of property and equipment and accumulated depreciation thereon, grouped by major classifications, and changes therein in 2023, are as follows:

	<u>Leasehold improvements</u>	<u>Computers and peripheral equipment</u>	<u>Rented POS devices</u>	<u>Machines and equipment</u>	<u>Total</u>
	US Dollars in thousands				
Cost:					
Balance as of January 1, 2023	3,956	15,380	606	586	20,528
Additions	13	641	54	-	708
Acquired through business combinations	-	140	-	-	140
Disposals	-	(83)	-	-	(83)
Translation differences	-	(7)	(21)	-	(28)
Balance as of December 31, 2023	<u>3,969</u>	<u>16,071</u>	<u>639</u>	<u>586</u>	<u>21,265</u>
Accumulated depreciation:					
Balance as of January 1, 2023	883	12,391	316	270	13,860
Depreciation during the year	311	1,414	237	42	2,004
Disposals	-	(83)	-	-	(83)
Translation differences	-	(2)	(1)	-	(3)
Balance as of December 31, 2023	<u>1,194</u>	<u>13,720</u>	<u>552</u>	<u>312</u>	<u>15,778</u>
Net book value:					
As of December 31, 2023	<u>2,775</u>	<u>2,351</u>	<u>87</u>	<u>274</u>	<u>5,487</u>

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - PROPERTY AND EQUIPMENT (continued):

Composition of property and equipment and accumulated depreciation thereon, grouped by major classifications, and changes therein in 2022, are as follows:

	<u>Leasehold improvements</u>	<u>Computers and peripheral equipment</u>	<u>Rented POS devices</u>	<u>Machines and equipment</u>	<u>Total</u>
	US Dollars in thousands				
Cost:					
Balance as of January 1, 2022	3,638	6,245	523	547	10,953
Additions	79	1,388	227	39	1,733
Acquired through business combinations	239	8,043	-	-	8,282
Disposals	-	(269)	-	-	(269)
Translation differences	-	(27)	(144)	-	(171)
Balance as of December 31, 2022	<u>3,956</u>	<u>15,380</u>	<u>606</u>	<u>586</u>	<u>20,528</u>
Accumulated depreciation:					
Balance as of January 1, 2022	511	3,772	215	230	4,728
Depreciation during the year	372	1,271	113	40	1,796
Disposals	-	(265)	-	-	(265)
Acquisitions during the year	-	7,622	-	-	7,622
Translation differences	-	(9)	(12)	-	(21)
Balance as of December 31, 2022	<u>883</u>	<u>12,391</u>	<u>316</u>	<u>270</u>	<u>13,860</u>
Net book value:					
As of December 31, 2022	<u><u>3,073</u></u>	<u><u>2,989</u></u>	<u><u>290</u></u>	<u><u>316</u></u>	<u><u>6,668</u></u>

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - GOODWILL AND INTANGIBLE ASSETS

Composition of intangible assets and accumulated amortization thereon, grouped by major classifications, and changes therein in 2024 are as follows:

	Capitalized development costs **	Distribution rights and brand*	Customer relationships purchased *	Technology **	Goodwill (a)	Patents **	Total
US Dollars in thousands							
Cost:							
Balance as of January 1, 2024	66,415	8,323	15,916	24,574	12,866	806	128,900
Additions	20,930	-	-	1,681	-	-	22,611
Acquired through business combinations	-	1,292	4,882	3,591	7,163	-	16,928
Translation differences	(38)	(211)	(644)	(615)	(766)	-	(2,274)
Balance as of December 31, 2024	87,307	9,404	20,154	29,231	19,263	806	166,165
Accumulated amortization:							
Balance as of January 1, 2024	23,451	2,576	3,260	3,031	-	171	32,489
Amortization	6,428	969	3,684	5,078	-	62	16,221
Translation differences	(3)	(12)	(68)	(132)	-	-	(215)
Balance as of December 31, 2024	29,876	3,533	6,876	7,977	-	233	48,495
Net book value:							
As of December 31, 2024	57,431	5,871	13,278	21,254	19,263	573	117,670

Composition of intangible assets and accumulated amortization thereon, grouped by major classifications, and changes therein in 2023 are as follows:

	Capitalized development costs **	Distribution rights and brand *	Customer relationships purchased *	Technology **	Goodwill (a)	Patents **	Total
US Dollars in thousands							
Cost:							
Balance as of January 1, 2023	49,806	5,292	8,884	4,456	10,196	806	79,440
Additions	16,773	-	-	-	-	-	16,773
Acquired through business combinations	-	3,031	7,092	20,148	2,814	-	33,085
Disposals	(138)	-	-	-	-	-	(138)
Translation differences	(26)	-	(60)	(30)	(144)	-	(260)
Balance as of December 31, 2023	66,415	8,323	15,916	24,574	12,866	806	128,900
Accumulated amortization:							
Balance as of January 1, 2023	18,206	2,261	1,693	2,055	-	109	24,324
Amortization	5,386	315	1,574	984	-	62	8,321
Disposals	(138)	-	-	-	-	-	(138)
Translation differences	(3)	-	(7)	(8)	-	-	(18)
Balance as of December 31, 2023	23,451	2,576	3,260	3,031	-	171	32,489
Net book value:							
As of December 31, 2023	42,964	5,747	12,656	21,543	12,866	635	96,411

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - GOODWILL AND INTANGIBLE ASSETS (continued):

Composition of intangible assets and accumulated amortization thereon, grouped by major classifications, and changes therein in 2022 are as follows:

	Capitalized development costs **	Distribution rights *	Customer relationships purchased *	Technology **	Goodwill (a)	Patents **	Total
US Dollars in thousands							
Cost:							
Balance as of January 1, 2022	34,209	5,292	4,188	2,921	8,271	806	55,687
Additions	14,615	-	-	-	-	-	14,615
Acquired through business combinations	1,261	-	5,046	1,711	2,724	-	10,742
Translation differences	(279)	-	(350)	(176)	(799)	-	(1,604)
Balance as of December 31, 2022	49,806	5,292	8,884	4,456	10,196	806	79,440
Accumulated amortization:							
Balance as of January 1, 2022	13,454	1,996	843	1,546	-	47	17,886
Amortization	3,642	265	902	564	-	62	5,435
Acquisitions during the year	1,116	-	-	-	-	-	1,116
Translation differences	(6)	-	(52)	(55)	-	-	(113)
Balance as of December 31, 2022	18,206	2,261	1,693	2,055	-	109	24,324
Net book value:							
As of December 31, 2022	31,600	3,031	7,191	2,401	10,196	697	55,116

* Amortization of customer relationship and distribution rights are included under selling, general and administrative expenses.

** Amortization of technology, patents and development costs are included in "Depreciation and amortization in respect of technology and capitalized development costs".

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - GOODWILL AND INTANGIBLE ASSETS (continued):

(a) Goodwill

The group tests whether goodwill has suffered any impairment on an annual basis. For the 2024 reporting period, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management. The discount rate was a pre-tax measure using a rate of return that reflects the relative risk of the investment, as well as the time value of money. Five years of cash flows were included in the discounted cash flow model. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

1. VMtecnologia LTDA. - During the fiscal year 2024, the Company completed the acquisition of VM Tecnologia LTDA (hereinafter – "VM") resulting in the recognition of goodwill (see note 6a). Under IAS 36 Impairment of Assets, the company is required to perform an annual impairment test on goodwill. As part of the business combination for the purchase of VM, the Company recognized goodwill in the total amount of \$4,309 thousand. The following key assumptions were used to determine the value in use of the CGU as at December 31, 2024:

	<u>VM</u>
Growth rate	3.5%
Discount rate	23%

The recoverable amount is greater than the carrying amount, and no impairment of goodwill was required.

2. Roseman Holdings Ltd. and Roseman Engineering Ltd. (hereinafter – "Roseman") - During the fiscal year 2024, the Company completed the acquisition of Roseman resulting in the recognition of goodwill (see note 6b). Under IAS 36 Impairment of Assets, the company is required to perform an annual impairment test on goodwill. As part of the business combination for the purchase of Roseman, the Company recognized goodwill in the total amount of \$2,854 thousand. The following key assumptions were used to determine the value in use of the CGU as at December 31, 2024:

	<u>Roseman</u>
Growth rate	3%
Discount rate	16%

The recoverable amount is greater than the carrying amount, and no impairment of goodwill was required.

3. On Track Innovations Ltd. - As part of the business combination for the purchase of On Track Innovations Ltd. (hereinafter – "OTI") the Company recognized goodwill in the total amount of \$2,724 thousand. The following key assumptions were used to determine the value in use of the CGU as at December 31, 2024:

	<u>OTI</u>
Growth rate	3%
Discount rate	20.1%

The recoverable amount is greater than the carrying amount, and no impairment of goodwill was required.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - GOODWILL AND INTANGIBLE ASSETS (continued):

(a) Goodwill (continued):

4. Retail CGU - As part of the business combination for the purchase of Nayax Retail Ltd. (hereinafter "Nayax Retail") and Retail Pro LLC., the Company recognized goodwill in the total amount of \$5,172 thousand. The following key assumptions were used to determine the value in use of the CGUs as at December 31, 2024:

	Retail
Growth rate	3%
Discount rate	20.9%

The recoverable amount is greater than the carrying amount, and no impairment of goodwill was required.

5. Weezmo - As part of the business combination related to the acquisition of Weezmo, a goodwill in the amount of \$4,078 thousand was recognized. The following key assumptions were used to determine the value in use of the CGUs as at December 31, 2024:

	Weezmo
Growth rate	3%
Discount rate	21.9%

The recoverable amount is greater than the carrying amount, and no impairment of goodwill was required.

6. Vendsys - As part of the business combination related to the acquisition of Greenhithe Software Solutions Ltd (hereinafter – "VendSys") the Company recognized goodwill in the total amount of \$891 thousand. The following key assumptions were used to determine the value in use of the CGU as at December 31, 2024:

	Vendsys
Growth rate	4%
Discount rate	12%

The recoverable amount is greater than the carrying amount, and no impairment of goodwill was required.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - CREDIT AND LOANS FROM BANKS

a. Short-term bank credit(*)

- 1) The company is a party to a short-term credit facility with an Israeli bank with commitments totaling \$15 million (NIS 54 million). As of December 31, 2024, a total of \$11 million (NIS 42 million) was outstanding under the short-term credit facility. The short-term credit facility bears a prime based variable interest rate. (*)
- 2) In May 2023 the company received a short-term credit facility in the amount of NIS 17 million (approximately \$4.8 million) from an Israeli bank that bears a prime based variable interest rate. (*)
- 3) In July 2023, the Company entered into an additional short-term credit facility with an Israeli bank in the amount of \$9.75 million, which was later increased to \$30 million. The short-term credit facility bears a prime based variable interest rate. In November 2023, the same bank approved an additional loan amount of \$17 million that was used as a bridge loan for the purchase of Retail Pro's intellectual property and the purchase of all of Retail Pro's equity rights by a fully owned subsidiary of the company. (*)
- 4) As of December 31, 2024, a wholly owned subsidiary of the Company has a short-term loan of \$2 million (NIS 7.2 million) from an Israeli bank. The short-term loan bears a foreign exchange market variable interest rate. The loan is renewed monthly, in the Company's sole discretion.

(*) Under the credit facilities above of the financing agreements, the Company is required to meet certain financial covenants. As of December 31, 2024, the Company met all the covenants.

b. Long-term bank loans

	December 31,	
	2024	2023
	US Dollars in thousands	
Total bank loans	22,583	1,428
Less - current maturities	(3,978)	(1,101)
Total long-term bank loans	18,605	327

1. In May 2020, the Company received a long-term loan from an Israeli Bank, backed by a government guarantee, in the amount of NIS 15 million (\$4.25 million). The loan bears interest of Prime + 1.5%, payable monthly beginning in May 2021. The loan's principal will be returned in 48 monthly installments beginning in May 2021.
2. In November 2023, the Company acquired Retail Pro International LLC. The Company funded the cash portion of the consideration payable at the closing, with a short-term credit facility that the Company received (see note 6(b)). In February 25, 2024, the Company received from the same bank an approval for a long-term loan through bank financing. The long-term loan was fully executed and bears a SOFR based variable interest rates.
3. On December 18, 2024, a loan principal of NIS 21 million (approximately USD 5,675 thousand) was received, to be repaid in equal quarterly installments over a period of six years from the loan receipt date. The interest bears a prime based variable interest rate.

The carrying amount of the credit and loans from banks reasonably approximate their fair value.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - OTHER LONG-TERM LIABILITIES

Composition of other long-term liabilities, net of current maturities

	December 31,	
	2024	2023
	US Dollars in thousands	
Contingent consideration, see note 6 (*)	14,290	12,141
Deferred consideration, see note 6 (*)	1,844	-
Liability for forward contract for acquisitions (**)	-	1,485
Other	4,582	850
	<u>20,716</u>	<u>14,476</u>

(*) With regards to liability for deferred and contingent payments as of December 31, 2024, the company recognized a deferred and contingent liabilities as part of the acquisitions of Retail Pro International LLC and VMtecnologia LTDA, see note 6.

(**)

1. Put Option: The Company has issued a put option allowing for an additional investment of up to \$1 million. This put option is a liability financial instrument measured at fair value through profit or loss. See note 4
2. Call and Put Options: one of compay's investee sellers has granted the company right to purchase all Option shares held by the respective seller as of the specified date through a call option. Additionally, the company has granted each seller a put option to sell all or a portion of their Option shares. The call and put options are financial instrument measured at fair value through profit or loss, presented on net basis. See note 4.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - INCOME TAXES

a. Taxation of the Company in Israel

1) Tax rates:

The Company's income in Israel (except for income qualifying for reduced tax rates under Israel encouragement law, see paragraph 2 below) is taxed at regular rates. The Israeli corporate tax rate in 2018 and thereafter is 23%. Capital gains of the Company in Israel are subject to tax at the regular corporate tax rate applicable during the tax year.

2) In December 2020, the Company received an in-agreement tax ruling, indicating that the enterprise of the Company meets the definition of a Technological Preferred Enterprise, and that the income of the Company from selling POS devices, provision of processing SaaS are deemed "technology income" as defined by Section 51 to the Encouragement of Capital Investment Law, 1959 (hereinafter - "the Law"), which are subject to 12% tax, while income attributed to production are "preferred income", as this term is defined by Section 51 to the Law, which are subject to 16% or 7.5% tax (depending on the production activity place). This tax ruling applies to the Company beginning in the 2020 tax year through 2024. As of the date of these condensed financial statements, the company is in the process of renewing this tax status for subsequent years.

b. Taxation of subsidiaries outside of Israel

Subsidiaries that are incorporated outside Israel are assessed for tax under the tax laws applicable in their countries of residence. The principal tax rates applicable in 2024 to subsidiaries outside Israel are as follows:

Companies incorporated in the United States – tax rate of 34.7% (including federal, state and branch profits tax). The company incorporated in the UK – tax rate of between 19% to 25%. The company incorporated in Australia – tax rate of 30%. The company incorporated in Lithuania – corporate tax rate of 15%, In Mexico 30%, in Germany 15.5% (including solidarity surcharge) plus 14% trade tax. The companies incorporated in Brazil 34%. Generally, inter-company transactions between the Company and subsidiaries outside Israel are subject to the provisions and reporting requirements set out in the Income Tax Regulations (Determination of Market Terms), 2006.

c. Carry forward losses

Deferred tax assets on carryforward losses are recognized if the exercise of the relevant tax benefit is expected in the foreseeable future against a taxable income.

As of December 31, 2024 and 2023, the carryforward tax losses stemming from the Company in Israel amounted to \$28,433 and \$32,531 thousand, respectively.

The Group recognizes deferred taxes in respect of carryforward losses stemming from the Group only up to the amount of the liability for deferred tax, since the utilization of those losses is not expected in the foreseeable future. Carryforward tax losses accrued in Israel may be offset over an unlimited time.

d. Tax assessments

The limitation period in Israel of tax assessments filed by taxpayers in respect of tax year 2013 and thereafter is 4 years from the end of the tax year in which a tax return was filed.

Accordingly, the Company's tax assessments through tax year 2018 are considered to be final.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - INCOME TAXES (continued):

e. Tax rate reconciliation:

The reconciliation of the theoretical tax benefit (expense) by the Israeli statutory tax rate to the Company's effective benefit (expense) taxes are as follows:

	For the year ended December 31,		
	2024	2023	2022
	US Dollars in thousands		
Loss before taxes on income	(4,384)	(14,672)	(37,058)
Tax rate	23%	23%	23%
Theoretical tax benefit	1,008	3,375	8,523
Share-based payment expenses which are not deductible	(1,660)	(1,388)	(2,012)
Carry forward losses without deferred taxes recognition	(521)	(3,176)	(6,872)
Other	(74)	(26)	(90)
Effective tax expenses	<u>(1,247)</u>	<u>(1,215)</u>	<u>(451)</u>

f. Deferred income tax:

The composition of deferred taxes as of statement of financial position dates and the change thereof in those years is:

	Intangible assets	Provisions for employee rights	Other	Losses for tax purposes	Total
	US Dollars in thousands				
Balance at January 1, 2024	(4,104)	579	-	417	(3,108)
Change in 2024:					
Recognized in income statement	987	110	-	543	1,640
Deferred taxes created in acquisition of subsidiary	(3,142)	-	-	-	(3,142)
Recognized in translation currency difference reserve	336	-	-	-	336
Balance at December 31, 2024	<u>(5,923)</u>	<u>689</u>	<u>-</u>	<u>960</u>	<u>(4,274)</u>
Balance at January 1, 2023	(1,074)	44	44	193	(793)
Change in 2023:					
Recognized in income statement	(421)	535	(44)	224	294
Deferred taxes created in acquisition of subsidiary	(2,626)	-	-	-	(2,626)
Recognized in translation currency difference reserve	17	-	-	-	17
Balance at December 31, 2023	<u>(4,104)</u>	<u>579</u>	<u>-</u>	<u>417</u>	<u>(3,108)</u>
Balance at January 1, 2022	(1,111)	-	-	23	(1,088)
Change in 2022:					
Recognized in income statement	(77)	44	44	170	181
Recognized in translation currency difference reserve	114	-	-	-	114
Balance at December 31, 2022	<u>(1,074)</u>	<u>44</u>	<u>44</u>	<u>193</u>	<u>(793)</u>

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - INCOME TAXES (continued):

f. Deferred income tax (continued):

Deferred taxes are presented in the statement of financial position as follows:

	December 31,	
	2024	2023
	US Dollars in thousands	
Non-current assets	-	-
Non-current liabilities	(4,274)	(3,108)
	<u>(4,274)</u>	<u>(3,108)</u>

g. Taxes on income included in profit or loss:

	For the year ended December 31,		
	2024	2023	2022
	US Dollars in thousands		
Current tax expenses	(2,887)	(1,509)	(632)
Deferred tax income	1,640	294	181
	<u>(1,247)</u>	<u>(1,215)</u>	<u>(451)</u>

NOTE 16 - CAPITAL AND RESERVES

a. Composition:

The share capital as of December 31, 2024, is composed of Ordinary shares, all having ILS 0.001 par value, as follows:

	Number of shares		In thousands	
	Authorized	Issued and paid	Authorized	Issued and paid
	December 31, 2024		December 31, 2024	
Ordinary shares	<u>70,000,000</u>	<u>36,607,407</u>	<u>70,000</u>	<u>36,607</u>

The share capital as of December 31, 2023, is composed of Ordinary shares, all having ILS 0.001 par value, as follows:

	Number of shares		In thousands	
	Authorized	Issued and paid	Authorized	Issued and paid
	December 31, 2023		December 31, 2023	
Ordinary shares	<u>70,000,000</u>	<u>33,326,736</u>	<u>70,000</u>	<u>33,327</u>

The share capital as of December 31, 2022, is composed of Ordinary shares, all having ILS 0.001 par value, as follows:

	Number of shares		In thousands	
	Authorized	Issued and paid	Authorized	Issued and paid
	December 31, 2022		December 31, 2022	
Ordinary shares	<u>70,000,000</u>	<u>32,956,004</u>	<u>70,000</u>	<u>32,956</u>

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - CAPITAL AND RESERVES (continued):

a. Composition (continued):

In April 2021, all ordinary A shares of NIS 0.001 par value and all ordinary B shares of NIS 0.001 par value – both issued shares and shares included in the Company's authorized capital – were converted into ordinary shares of NIS 0.001 par value each based on a 1:1 ratio, such that subsequent to the conversion, the Company's capital comprises only ordinary shares.

In April 2021, the Company increased the registered share capital by 32,000,000 Ordinary shares par value NIS 0.001 each.

On May 13, 2021, the Company completed an initial public offering (IPO) on the Tel Aviv stock exchange (TASE) in which it sold 4.4 million ordinary shares of NIS 0.001 par value for a gross amount, before issuance costs, of \$141.6 million and \$132.5 million, net of issuance costs. The IPO was a non-uniform offering, as this term is defined by Israeli Securities Regulations (Manner of Offering Securities to the Public), 2007, to institutional investors in Israel and outside of Israel.

On March 12, 2024, the Company completed an issuance of ordinary shares under an underwriting agreement. The Company issued and sold 2,600,000 ordinary shares, which included 469,565 shares sold upon the full exercise of the underwriters' option to purchase additional shares and apart from that 1,000,000 ordinary shares were sold by existing shareholders. The net proceeds to the company from this sale amounted to approximately \$62.7 million. The expenses incurred in company's profit or loss report for the year ended December 31, 2024 from this sale are \$506 thousands.

b. Share-based payment:

1. September 6, 2024 award: In October 2021, 50,000 options were granted to an employee, of which 7,625 were exercised, leaving 42,375 options as of May 26, 2024, with 25,000 vested. Following an agreement, 25,000 options were converted to 8,350 restricted shares units (RSUs) at a 3:1 ratio, with full vesting approved retroactively as of September 6, 2024. The remaining 17,375 options were replaced by 5,792 RSUs, with 1,667 vesting on September 6, 2024, and the remaining of 4,125 will be vested by August 22, 2025.

September 3, 2024 award: the company allotted 1,415 RSUs to an employee of the Company. The vesting period of these RSUs is 4 years, with 25% of the RSUs vesting on the first anniversary of the grant date and after that, an additional 6.25% of the RSUs vesting on the last day of each subsequent calendar quarter.

2. August 6, 2024 award: the company allotted 7,262 options and 5,694 RSUs to employees of the Company and subsidiaries. The vesting period of the options and RSUs is 4 years, with 25% of the options and RSUs vesting on the first anniversary of the grant date and after that, an additional 6.25% of the options and RSUs vesting on the last day of each subsequent calendar quarter. Options not exercised within 5 years of inception date will expire.
3. June 25, 2024 award: the company allotted 179,875 RSUs to employees of the Company and subsidiaries. The vesting period of the RSUs is 4 years, with 25% of the RSUs vesting on the first anniversary of the grant date and after that, an additional 6.25% of the RSUs vesting on the last day of each subsequent calendar quarter.
4. May 12, 2024 award: the company allotted 20,735 RSUs to employees of the Company and subsidiaries. An amount of 1,013 RSU's vesting over period of 4 years, with 25% vesting on the first anniversary of the grant date and after that, an additional 6.25% of the RSUs vesting on the last day of each subsequent calendar quarter. The remain 19,722 RSU's granted have the same rights in all respects as the existing ordinary shares in the company's capital as of that date.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - CAPITAL AND RESERVES (continued):

b. Share-based payment (continued):

5. February 27, 2024 award: the company allotted 51,598 RSUs to employees of the Company and subsidiaries. The vesting period of the RSUs is 4 years, with 25% of the RSUs vesting on the first anniversary of the grant date and after that, an additional 6.25% of the RSUs vesting on the last day of each subsequent calendar quarter.
6. February 1, 2024 award: the company allotted 11,000 RSUs to employees of the Company and subsidiaries. The vesting period of the RSUs is 4 years, with 25% of the RSUs vesting on the first anniversary of the grant date and after that, an additional 6.25% of the RSUs vesting on the last day of each subsequent calendar quarter.
7. November 30, 2023 award: the Company allotted 96,731 RSUs to employees of the Company and subsidiaries. The vesting period of the RSUs is 4 years, with 25% of the RSU vesting on the first anniversary of grant date, and after that, additional 6.25% of the RSU's vesting on the last day of each subsequent calendar quarter.
7. June 26, 2023 award: the Company allotted 27,500 options and 137,524 RSUs to employees of the Company and subsidiaries. The vesting period of the options and RSUs is 4 years, with 25% of the options vest on the first anniversary of grant date, and after that, additional 6.25% of the options vesting on the last day of each subsequent calendar quarter. Options not exercised within 5 years of inception date will expire.
8. December 20, 2022 award: On December, 2022, the Company allotted 10,667 RSUs to employees of the Company and subsidiaries.
9. September 29, 2022 award: On September, 2022, the Company allotted 54,500 options and 18,600 RSUs to employees of the Company and subsidiaries. Options not exercised within 5 years of inception date will expire.
10. June 30, 2022 award: On June 30, 2022, the Company allotted 170,000 options and 6,000 RSUs to employees of the Company and subsidiaries. Options not exercised within 5 years of inception date will expire.
11. March 28, 2022 award: On March 28, 2022, the Company allotted 215,500 options and 45,000 RSUs to employees of the Company and subsidiaries. Options not exercised within 5 years of inception date will expire.

The vesting period of all grants rewarded during the year ended December 31, 2022 of both options and RSUs are 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.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - CAPITAL AND RESERVES (continued):

b. Share-based payment (continued):

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

Allotment date	Share price	Exercise price	Expected option life	Risk-free interest rate	Average standard deviation (**)	Option fair value
The weighted average for 2024	\$25.78					\$25.78
The weighted average for 2023	\$19.92	-	-	-	-	\$19.92
The weighted average for 2022	\$11.1	-	-	-	-	\$11.1
September, 6, 2024 – RSUs	\$ 23.72	-	-	-	-	\$ 23.72
September, 6, 2024 – Options	\$21.02	\$22.59	5	0.0373	0.6374	\$11.59
August 6, 2024 - RSU	\$ 21.02	-	-	-	-	\$ 21.02
June 25, 2024 - RSUs	\$ 21.55	-	-	-	-	\$ 21.55
May 12, 2024 - RSUs	\$ 28.49	-	-	-	-	\$ 28.49
February 27, 2024 - RSUs	\$ 27.93	-	-	-	-	\$ 27.93
February 1, 2024 - RSUs	\$ 24.25	-	-	-	-	\$ 24.25
November, 2023 – RSUs	\$ 19.57	-	-	-	-	\$ 19.57
June 26, 2023 – Options	\$ 19.34	\$ 18.83	5	0.0396	0.678	\$11.03
June 26, 2023 – RSUs	\$ 19.34	-	-	-	-	\$19.34
December 20, 2022 - RSUs	\$19.7	-	-	-	-	\$19.7
September 29, 2022 – Options	\$23.9	25.5	5	0.0398	0.5445	\$11.8-\$23.9
September 29, 2022 - RSUs	\$23.9	-	-	-	-	\$23.9
June 30, 2022 – Options	\$18.5	\$16.7	5	0.0301	0.54	\$9.7-\$10.8
June 30, 2022 – RSUs	\$18.5	-	-	-	-	\$18.5
March 28, 2022 – Options	\$18.4	\$20.4	5	0.025	0.56	\$8.7
March 28, 2022 – RSUs	\$18.4	-	-	-	-	\$18.4

(**) The Average standard deviation was determined based on historical volatility of the company.

All allotments to employees and offices in Israel carried out as part of the plan are subject to the terms 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. Foreign employees and service providers are subject to the tax law in the relevant countries.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - CAPITAL AND RESERVES (continued):

b. Share-based payment (continued):

Below is a breakdown of the RSUs and options by their weighted average exercise price during the reported periods:

	December 31, 2024		December 31, 2023		December 31, 2022	
	Number of awards	Weighted average exercise price	Number of awards	Weighted average exercise price	Number awards	Weighted average exercise price
Number of awards outstanding at beginning of year	3,339,120	17.8	3,823,052	19.3	3,633,778	19.1
New granted	283,371	22.5	264,256	18.8	520,767	16.5
Exercised awards	(680,671)	8.0	(370,732)	6.57	(203,748)	5.0
Forfeited awards	(414,134)	26.0	(366,633)	26.1	(126,211)	17.0
Expired awards	(33,676)	19.2	(10,823)	14.76	(1,534)	6.7
Outstanding awards at end of year	2,494,010	18.7	3,339,120	17.84	3,823,052	19.3
Exercisable options at end of year	1,274,794	14.2	1,550,358	11.67	1,502,887	12.3

As of December 31, 2024, 2023 and 2022, the weighted-average remaining contractual life of exercisable options were 1.5, 3.5 and 2.7 years, respectively.

As of December 31, 2024, 2023 and 2022, the range of exercise prices for share options outstanding at the end of the period is NIS 0.001-\$25.52 for the three periods.

The expenses related to share base compensation for each of the three years in the period ended December 31, 2024, 2023 and 2022 are \$7,187, \$6,027 and \$8,747 thousand, respectively.

The amounts of expense recognized as capitalized development costs and included as intangible assets for each of the three years in the period ended December 31, 2024, 2023 and 2022 are \$718, \$825 and \$909, respectively.

The balance of unrecognized benefit as of December 31, 2024, assuming that all conditions set were met, is \$6,879 thousand.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 - REVENUES

	For the year ended December 31,		
	2024	2023	2022
	US Dollars in thousands		
Revenue from the sale of integrated POS devices	91,677	84,406	68,726
Recurring revenue:			
SaaS revenue	88,494	58,920	45,274
Payment processing fee	133,842	92,165	59,514
	<u>222,336</u>	<u>151,085</u>	<u>104,788</u>
	<u>314,013</u>	<u>235,491</u>	<u>173,514</u>

NOTE 18 - COST OF REVENUES

	For the year ended December 31,		
	2024	2023	2022
	US Dollars in thousands		
Cost of integrated POS devices sales	64,106	68,433	62,872
Cost of recurring revenue:			
Cost of services	20,088	13,419	9,394
Cost of processing	88,285	65,346	41,210
	<u>172,479</u>	<u>147,198</u>	<u>113,476</u>

As of the periods ended December 31, 2024, 2023 and 2022, cost of revenue includes employee related costs and share based compensation in the amount of \$9,890, \$7,385 and \$6,352 thousand, respectively.

NOTE 19 - RESEARCH AND DEVELOPMENT EXPENSES

	For the year ended December 31,		
	2024	2023	2022
	US Dollars in thousands		
Payroll and related expenses	18,341	15,309	14,820
Suppliers and subcontractors	3,780	3,416	4,193
Office and maintenance	586	684	602
Share-based payment	1,355	1,148	1,279
Depreciation and amortization	1,312	1,371	1,238
	<u>25,374</u>	<u>21,928</u>	<u>22,132</u>

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20 - SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31,		
	2024	2023	2022
	US Dollars in thousands		
Payroll and related expenses	49,228	36,520	32,402
Share-based payment	5,475	4,627	7,097
Office and maintenance	3,745	2,749	2,365
Advertising and sales promotion	3,117	2,192	2,599
Depreciation and amortization	7,483	4,444	3,366
Computers and IT systems maintenance	8,260	5,196	4,452
Professional fees	12,256	8,443	5,903
Provision for credit losses and bad debts	675	-	630
Other expenses	7,957	6,149	5,278
	<u>98,196</u>	<u>70,320</u>	<u>64,092</u>

NOTE 21 - FINANCIAL EXPENSES OR INCOME

a. Financial Income

	For the year ended December 31,		
	2024	2023	2022
	US Dollars in thousands		
Interest income on cash and bank deposits	3,110	1,685	-
Financial income in respect of change in fair value options	148	-	423
Financial income in respect of shareholders and related companies	150	24	15
Financial income in respect of finance sub-lease	-	17	-
Financial income in respect of exchange rate differences	-	767	-
	<u>3,408</u>	<u>2,493</u>	<u>438</u>

b. Financial Expenses

	For the year ended December 31,		
	2024	2023	2022
	US Dollars in thousands		
Interest expense on bank loans and bank fees	(6,181)	(3,389)	(993)
Financial expenses in respect of change in fair value options	-	(310)	-
Financial expenses in respect of loans from others	(197)	(591)	(70)
Financial expenses in respect of other liabilities	(1,552)	(161)	(167)
Financial expenses in respect of leases liabilities	(333)	(330)	(260)
Financial Expenses in respect of exchange rate differences	(2,634)	-	(1,968)
	<u>(10,897)</u>	<u>(4,781)</u>	<u>(3,458)</u>

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22 - LOSS PER SHARE

a. Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue.

	For the year ended December 31,		
	2024	2023	2022
Loss for the year attributed to holders of ordinary shares (US Dollars in thousands)	(5,631)	(15,887)	(37,509)
Weighted average of number of ordinary shares in issue (in thousands)	35,762	33,149	32,817
Basic loss per ordinary share (in dollars)	(0.157)	(0.479)	(1.143)

b. Diluted

Instruments that can potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share, as their impact was anti-dilutive:

	Thousands of shares		
	As of December 31,		
	2024	2023	2022
Outstanding awards at end of the year issued as part of share-based compensation	2,494	3,339	3,823

NOTE 23 - RELATED PARTIES

a. Transactions with related parties:

	For the year ended December 31,		
	2024	2023	2022
	US Dollars in thousands		
Payroll, options and payments to related parties employed by the Company	3,550	2,671	5,378
Payroll to directors	228	176	207
Transactions - associated companies	3,474	2,202	766

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 – RELATED PARTIES (continued):

b. Balances with related parties:

	December 31,	
	2024	2023
	US Dollars in thousands	
Receivables – associated companies	3,903	3,555
Trade payables – related companies and parties	83	97
Other payables – related companies and parties	37	41

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 - RELATED PARTIES (continued):

c. Related parties' employment terms:

1. Employment terms of controlling shareholder and director – Mr. Yair Nechmad – for his service as the Company's CEO:

Payments of management and consulting fee to Mr. Yair Nechmad for serving as CEO are performed under a November 2016 agreement (in this paragraph (1), the "Agreement"). Under the Agreement, the services are provided by Mr. Nechmad through Yair Nechmad Ltd., which is fully controlled by Mr. Yair Nechmad, in consideration for a management fee at a monthly cost of NIS 50 thousand (\$14.5 thousand), and reimbursement of various expenses.

On March 10, 2021, the Board of Directors and the general meeting of the shareholders of the Company approved a revision to the terms of engagement between the Company and Mr. Yair Nechmad, effective January 1, 2021, as follows: The management fee of Mr. Yair Nechmad, CEO of the Company, through Yair Nechmad Ltd, was changed to a monthly cost of NIS 150 thousand (\$46 thousand), instead of NIS 50 thousand (\$15 thousand).

On May 4, 2021, the Board of Directors and general meeting of the Company approved engagement in revised service agreements with Mr. Yair Nechmad, in which the monthly management fee of each of them was revised to NIS 140 thousand (\$43 thousand), beginning on the date completing the IPO on the Tel Aviv Stock Exchange, i.e. May 13, 2021. This amount is to increase each calendar year by 2.5% so the payment for each of the 12 months during the year ended December 31, 2024 accounted to NIS 149 thousand (\$41 thousand).

Arnon Nechmad, the son of Yair Nechmad, was hired by a wholly-owned subsidiary of the Company, in November 2021, prior to that was an employee of another wholly-owned subsidiary of the Company and, in 2023 became an employee of the Company. Mr. Nechmad received compensation of approximately \$91 thousands, \$81 thousands and \$83 thousands in 2024, 2023 and 2022, respectively.

Tal Tannenbaum, who became the daughter-in-law of Yair Nechmad in August 2022, has been a part-time employee of the Company since December 2021. Ms. Tannenbaum received compensation of approximately \$80 thousand, \$55 thousand and \$26 in 2024, 2023 and 2022 respectively. The company granted to Ms. Tannenbaum 500 options in the March 28, 2022 grant.

2. The employment terms of controlling shareholder and director, Mr. David Ben Avi, for his service as the Company's CTO:

Payment of management and consulting fee to Mr. David Ben Avi for serving as the Company's CTO is under a November 2016 agreement (in this paragraph (2), the "Agreement"). Under the Agreement, services are provided by Mr. Ben Avi through David Ben Avi Holdings Ltd., which is fully controlled by Mr. Ben Avi, in consideration for a monthly management fee at the cost of NIS 50 thousand (\$14.5 thousand), and reimbursement of various expenses.

On March 10, 2021, the Board of Directors and the general meeting of the shareholders of the Company approved a revision to the terms of engagement between the Company and Mr. David Ben-Avi, effective January 1, 2021, as follows: The management fee of Mr. David Ben Avi, CTO of the Company, through David Ben Avi Holdings Ltd, was changed to a monthly cost of NIS 150 thousand (\$46 thousand), instead of NIS 50 thousand (\$15 thousand).

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 - RELATED PARTIES (continued):

c. Related parties' employment terms (continued):

On May 4, 2021, the Board of Directors and general meeting of the Company approved engagement in revised service agreements with Mr. David Ben Avi, in which the monthly management fee was revised to NIS 140 thousand (\$43 thousand), beginning on the date completing the IPO on the Tel Aviv Stock Exchange, i.e. May 13, 2021. This amount is to increase each calendar year by 2.5% so the payment for each of the 12 months during the year ended December 31, 2024 accounted to NIS 149 thousand (\$41 thousand).

The total expenses related to Oded Frenkel, Mr. Ben Avi's brother-in-law, who is employed by the Company as Chief Customer Officer in 2024, 2023 and 2022 was \$204 thousand, \$212 thousand and \$236 thousand, respectively. During 2024 Mr. Frenkel received an amount of 2,500 RSUs and in 2023 options to purchase 2,500 ordinary shares at the exercise price of \$18.83 per share, and options in 2022 to purchase 2,500 ordinary shares at the exercise price of NIS 65.7 per share.

The total expenses related to Reuven Amar, Mr. Ben Avi's brother-in-law, who is employed by the Company as Engineering Lab Manager in 2024, 2023 and 2022 was \$172 thousand, \$177 thousand and \$206 thousand, respectively. Mr. Amar received options in 2023 to purchase 2,500 ordinary shares at the exercise price of \$18.83 per share, and options in 2022 to purchase 2,500 ordinary shares at the exercise price of NIS 65.7 per share.

3. Payments to Mr. Amir Nechmad – controlling shareholder and former director

During 2024, 2023 and 2022, the amount paid by the Company to Mr. Amir Nechmad for services rendered to the Company including directors' fees amounted to \$17 thousand, \$22 thousand and \$28 thousand, respectively. As of July, 2024 Mr. Nechmad is no longer serves as a member of the Board of Director.

4. Payments to Mr. Eran Havshush – Director of the board

On July 2024, Mr. Havshush was appointed as a member of the Board of the Company. Mr. Havshush, has been acting as a consultant to the Company since 2012, providing services related to taxation, capital investments, and other financial and accounting matters. Previously served as the Company's auditor from 2006 to 2009. Furthermore, Mr. Havshush provides audit, tax, and consulting services on an ongoing basis to the Company's controlling shareholders, Mr. Yair Nechmad, Mr. Amir Nechmad, and Mr. David Ben-Avi. During years in 2024, 2023, and 2022, the fees paid by the Company to Mr. Havshush were \$82 thousands, \$88 thousands, and \$122 thousands, respectively. Additionally, on May 12, 2024, the Company granted Mr. Havshush 1,013 RSUs (for further details see Note 16(b) (4)).

A. Omer & Co., an Israeli accounting firm where Mr. Havshush serves as a partner, has provided payroll and bookkeeping services to the Company and its Israeli subsidiaries since 2018. During the years 2024, 2023 and 2022 the fees paid by the Company to A. Omer & Co. were \$32, \$64, and \$148, respectively. On May 29, 2024, the Company, Mr. Havshush, and A. Omer & Co. entered into a new service agreement (the "New Service Agreement"), under which Mr. Havshush will continue to provide services related to accounting, tax reporting and compliance, mergers and acquisitions in Israel, employee stock option plans, and other tax-related matters. Under this agreement, he will receive a monthly fee ranging from approximate amounts of \$5 thousands to \$8 (NIS 20 thousands to NIS 30 thousands, respectively), depending on hours worked. Additionally, he will receive compensation for services rendered in connection with completed acquisitions, offerings, or other special projects, equal to up to three times his monthly fees. Under the New Service Agreement, A. Omer & Co. will continue to provide payroll, bookkeeping, and tax-related services to the Company and affiliated entities. Fees for these services will be based on hourly rates of approximately \$54 to \$68 (between NIS 200 and NIS 250, respectively), subject to a 25% discount. The fees paid to Mr. Havshush and A. Omer & Co. pursuant to the New Service Agreement are in addition to the director fees paid to Mr. Havshush for his service as a director of the Company.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 - RELATED PARTIES (continued):

c. Related parties' employment terms (continued):

5. Directors insurance:

The Company has a directors and office holders insurance policy with limit of liability of NIS 67 million, (\$20 million) any one occurrence and in the aggregate plus excess limit of \$5 million Side A Insurance for the directors & officers only.

NOTE 24 - LIENS, GUARANTEES AND COMMITMENTS

Liens

As of the approval date of these financial statements, the company has floating charge obligations to a local Israeli banks in order to secure credit line facilities and the activity related in the Israeli banks. In respect of a guarantee provided by the Israeli banks, the Company also provided specific liens in the amount of approximately \$17 million.

NOTE 25 - SUBSEQUENT EVENTS:

a. Israel Competition Authority

On February 3, 2025 the company announced the settlement of the previously-disclosed investigation by the Israel Competition Authority (ICA) (together "the parties"), in connection with the company's acquisition of OTI in 2022 (See note 12). The company cooperated fully and transparently with the ICA throughout the investigative process, and the parties have reached a mutual understanding on the following terms of settlement in order to avoid further litigation while the company and OTI reserve their claims in relation to the circumstances of the acquisition. The settlement will be executed by way of a consent decree, which is subject to public commentary and pending approval by the Israeli Competition Court, and contains the following key terms:

1. The company will pay a sum of approximately \$701 thousands (NIS 2,500 thousands) to the State Treasury.
2. Yair Nechmad, CEO and Chairman of the company, will pay a sum of approximately \$67 thousands (NIS 240 thousands) to the State Treasury.
3. The company will sale up to 6,500 OTI's Points of Sale (POS) kits over a period of five years to thirdparties who may sell, distribute, and market the OTI POS kits under their own brands in the Israeli market.

In accordance with IAS 37, a provision of approximately \$1.1 million has been recognized in company's financial statements as of December 31, 2024, as the obligation meets the recognition criteria.

b. Issuance of Corporate Bond

In February 9, 2025, at the Company's request, the ISA extended the term of the Shelf Prospectus through August 23, 2025. On February 13, 2025, the company announced its intentions for issuance of warrants and notes in Israel. In preparation therefor, the company filed with the ISA a draft deed of trust and summaries of the terms of the notes. The timing, terms and the amount to be raised in such offering have not been determined as of the date of these financial statements and are subject to further approval by the Company's board of directors, the ISA and the Tel Aviv Stock Exchange. There is no assurance that the offering will be completed and the warrants and notes, if offered, will not be registered under the Securities Act.

NAYAX LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 25 - SUBSEQUENT EVENTS (continued):

c. Business Combinations

Subsequent to the reporting date and prior to the issuance of these consolidated financial statements, the Company acquired an entity, and gained control of an associate entity by completing the purchase of the majority of the shares. As a result of these two transactions, which are ongoing as of the date of issuance of these financial statements, the Company obtained control and will fully consolidate the entities' financial results in future reporting periods. UpPay Servicos De Tecnologia Da Infamramcao S.A. ("UpPay"), located in Brazil, was purchased for an Enterprise Value of 32.75 million Brazilian Real, which includes up to 2.75 million Brazilian Real as an earnout. The Company also completed the purchase of the majority of shares of Tigapo Ltd., an associated company, located in Israel. Both purchase price allocation and the impact of these transactions on the Company's consolidated financial statements are at a very early stage and the accounting implications on the Company's financial statements is still being assessed. As these acquisitions occurred after the reporting period, they do not impact the Company's financial position as of December 31, 2024, and they may be reflected in the Company's financial results in subsequent periods.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

As of the end of the period covered by the most recent Annual Report on Form 20-F to which this Exhibit is a part (the "Annual Report"), Nayax Ltd. has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): our ordinary shares, par value NIS 0.001 per share, and unless stated otherwise, the information herein is provided as of the end of such period. References herein to "we," "us," "our" and the "Company" refer to Nayax Ltd. and not to any of its subsidiaries. The following description may not contain all of the information that is important to you, and we therefore refer you to our amended and restated articles of association, a copy of which is filed with the Securities and Exchange Commission ("SEC") as an exhibit to this Annual Report.

Share Capital

The following descriptions of share capital are summaries and are qualified by reference to our amended and restated articles of association, a copy of which is filed with the SEC as an exhibit to this Annual Report.

Our registered share capital consists of 70,000,000 ordinary shares.

Our ordinary shares are listed for trading on the Nasdaq Global Select Market ("Nasdaq") under the symbol "NYAX" and on the Tel Aviv Stock Exchange ("TASE") under the symbol "NYAX".

Our board of directors may determine the issue prices and terms for such shares or other securities, and may further determine any other provision relating to such issue of shares or securities. We may also issue and redeem redeemable securities on such terms and in such manner as our board of directors shall determine.

All of our outstanding ordinary shares are validly issued, fully paid and non-assessable. Our ordinary shares are not redeemable and do not have any preemptive rights.

The transfer agent and registrar for our ordinary shares is American Stock Transfer & Trust Company, LLC. Its address is 6201 15th Avenue, Brooklyn, New York 11219, and its telephone number is (718) 921-8217.

Voting Rights

All ordinary shares have identical voting and other rights in all respects.

Transfer of Shares

Our fully paid ordinary shares are issued in registered form and may be freely transferred under our amended and restated articles of association, unless the transfer is restricted or prohibited by another instrument, applicable law or the rules of Nasdaq. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our amended and restated articles of association or the laws of the State of Israel, except for ownership by residents of some countries that are in a state of war with Israel.

Dividend and Liquidation Rights

We may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. Under the Israeli Companies Law, 5759-1999 (the “Companies Law”), dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company’s articles of association provide otherwise. Our amended and restated articles of association do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our board of directors.

Pursuant to the Companies Law, subject to certain exceptions with respect to the buyback by the Company of its shares, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, according to our then last reviewed or audited financial statements (less the amount of previously distributed dividends, if not reduced from the earnings), provided that the end of the period to which the financial statements relate is not more than six months prior to the date of the distribution. If we do not meet such criteria, then we may distribute dividends only with court approval. In each case, we are only permitted to distribute a dividend if our board of directors and, if applicable, the court, determines that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Changes in Capital

Our amended and restated articles of association enable us to increase or reduce our share capital. Any such changes are subject to Israeli law and must be approved by a resolution duly passed by our shareholders at a general meeting of shareholders. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits, require the approval of both our board of directors and an Israeli court.

Memorandum and Articles of Association

The following is a description of the material terms of our amended and restated articles of association. The following descriptions of share capital and provisions of our amended and restated articles of association are summaries and are qualified by reference to our amended and restated articles of association, a copy of which is filed with the SEC as an exhibit to this Annual Report.

For information regarding the rights, preferences and restrictions attaching to our ordinary shares, please see the section titled Share Capital above.

Registration Number and Purposes of the Company

We are registered with the Israeli Registrar of Companies. Our registration number is 513639013. Our affairs are governed by our amended and restated articles of association, the Companies Law and other applicable Israeli law. Our purpose as set forth in Section 4 of our amended and restated articles of association is to engage in any lawful act or activity.

Election of Directors

Under our amended and restated articles of association, our board of directors must consist of not less than three but no more than seven directors. Pursuant to our amended and restated articles of association, each of our directors, with the exception of external directors, will be appointed by a simple majority vote of holders of our ordinary shares, participating and voting at an annual general meeting of our shareholders. Our directors may be removed by a vote of the total voting power of our shareholders at a general meeting of our shareholders or upon the occurrence of certain events, in accordance with the Companies Law and our amended and restated articles of association. In addition, our amended and restated articles of association provide that vacancies on our board of directors, including a vacancy due to the number of directors being less than the maximum number of directors stated in our amended and restated articles of association, may be filled by our board of directors. Any director so appointed will hold office until the next annual general meeting of our shareholders.

Shareholder Meetings

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year and no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of our shareholders are referred to in our amended and restated articles of association as extraordinary meetings. Our board of directors may call extraordinary meetings of our shareholders whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Companies Law provides that our board of directors is required to convene an extraordinary meeting of our shareholders upon the written request of (i) any two or more of our directors, (ii) one-quarter or more of the serving members of our board of directors or (iii) one or more shareholders holding, in the aggregate, either (a) 10% or more of our outstanding issued shares and 1% or more of our outstanding voting power or (b) 10% or more of our outstanding voting power (except that the 10% thresholds in (a) and (b) above would be 5% in each case had the Company been incorporated in the U.S. and applicable U.S. requirements called for less than 10%).

Under Israeli law, one or more shareholders holding at least 1% of the voting rights at the general meeting of the shareholders may request that the board of directors include a matter in the agenda of a general meeting of the shareholders to be convened in the future, provided that it is appropriate to discuss such a matter at the general meeting (except that with respect to the election or removal of a director, at least 5% of the voting rights is required to permit a shareholder to request that the board of directors include such matter on the agenda).

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings of shareholders are the shareholders of record on a date to be decided by the board of directors, which, as a company listed on an exchange outside Israel, may be between four and 60 days prior to the date of the meeting. Furthermore, the Companies Law requires that resolutions regarding the following matters must be passed at a general meeting of shareholders:

- amendments to our articles of association;
- appointment, terms of service and termination of service of our auditors;
- appointment of directors, including external directors (if applicable);
- approval of certain related party transactions;
- increases or reductions of our authorized share capital;
- a merger; and
- the exercise of our board of directors' powers by a general meeting, if our board of directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management.

The Companies Law requires that a notice of any annual general meeting or extraordinary meeting be provided to shareholders, subject to limited exceptions, at least 21 days prior to the meeting and if the agenda of the meeting includes, among other things, the appointment or removal of directors, the approval of transactions with office holders or related parties, or an approval of a merger, notice must be provided at least 35 days prior to the meeting. Under the Companies Law and our amended and restated articles of association, shareholders are not permitted to take action by way of written consent in lieu of a meeting.

Quorum

Pursuant to our amended and restated articles of association, holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote before the shareholders at a general meeting of shareholders. The quorum required for our general meetings of shareholders consists of at least two shareholders present in person or by proxy who hold or represent between them at least 25% of the total outstanding voting rights. The requisite quorum shall be present within half an hour of the time fixed for the commencement of the general meeting. A general meeting adjourned for lack of a quorum shall be adjourned to the same day in the next week, at the same time and place if so stated in the original notice of the meeting. At the reconvened meeting, any number of shareholders present in person or by proxy shall constitute a quorum, unless a meeting was called pursuant to a request by our shareholders, in which case the quorum required is one or more shareholders, present in person or by proxy and holding the number of shares required to call the meeting as described above.

Vote Requirements

Our amended and restated articles of association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by the Companies Law or by our amended and restated articles of association. Under the Companies Law, certain actions require the approval of a special majority, including: (i) an extraordinary transaction with a controlling shareholder or in which the controlling shareholder has a personal interest, (ii) the terms of employment or other engagement of a controlling shareholder of the company or a controlling shareholder's relative (even if such terms are not extraordinary) and (iii) certain compensation-related matters described in "Item 6. Directors, Senior Management and Employees-C. Board Practices-Compensation of Directors and Executive Officers" of this Annual Report. The alteration of the rights, privileges, preferences or obligations of any class of our shares (to the extent there are classes other than ordinary shares) requires the approval of a simple majority of the class so affected (or such other percentage of the relevant class that may be set forth in the governing documents relevant to such class), in addition to a majority of all classes of shares voting together as a single class at a shareholder meeting.

An exception to the simple majority vote requirement is a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Companies Law, which requires the approval of holders holding at least 75% of the voting rights represented at the meeting and voting on the resolution.

Access to Corporate Records

Under the Companies Law, all shareholders generally have the right to review minutes of our general meetings, our shareholder register (including with respect to material shareholders), our articles of association, our financial statements, other documents as provided in the Companies Law and any document we are required by law to file publicly with the Israeli Registrar of Companies or the Israel Securities Authority. Any shareholder who specifies the purpose of its request may request to review any document in our possession that relates to any action or transaction with a related party which requires shareholder approval under the Companies Law. We may deny a request to review a document if we determine that the request was not made in good faith, that the document contains a trade secret or a patent or that the document's disclosure may otherwise impair our interests.

Shareholder Duties

Pursuant to the Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power with respect to the company, including, among other things, in voting at a general meeting and at shareholder class meetings with respect to the following matters:

- an amendment to the company's articles of association;
- an increase of the company's authorized share capital;
- a merger; or
- interested party transactions that require shareholder approval.

In addition, a shareholder has a general duty to refrain from discriminating against other shareholders.

Certain shareholders also have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who knows that it has the power to determine the outcome of a shareholder vote and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or exercise any other rights available to it under the company's articles of association with respect to the company. The Companies Law does not define the substance of this duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty of fairness.

Exculpation, Insurance and Indemnification of Office Holders

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability, in whole or in part, for damages as a result of a breach of the duty of care, but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association include such a provision. An Israeli company may not exculpate a director from liability arising out of a prohibited dividend or distribution to shareholders.

An Israeli company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorizing such indemnification is contained in its articles of association:

- a financial liability imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events
 - which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned events and amount or criteria;
 - reasonable litigation expenses, including legal fees, incurred by the office holder (1) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, and it was imposed with respect to an offense that does not require proof of criminal intent; and (2) in connection with a monetary sanction;
 - reasonable litigation expenses, including legal fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent; and
 - expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder, or certain compensation payments made to an injured party imposed on an office holder by an administrative proceeding, pursuant to certain provisions of the Israeli Securities Law, 5728-1968 (the "Israeli Securities Law").
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An Israeli company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of the duty of care to the company or to a third party, including a breach arising out of the negligent conduct of the office holder;
- a financial liability imposed on the office holder in favor of a third party;
- a financial liability imposed on the office holder in favor of a third party harmed by a breach in an administrative proceeding; and
- expenses, including reasonable litigation expenses and legal fees, incurred by the office holder as a result of an administrative proceeding instituted against him or her, pursuant to certain provisions of the Israeli Securities Law.

An Israeli company may not indemnify or insure an office holder against any of the following:

- a breach of the duty of loyalty, except to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of the duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine, monetary sanction or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders must be approved by the compensation committee and the board of directors (and, with respect to directors and the chief executive officer, by the shareholders). However, under regulations promulgated under the Companies Law, the insurance of office holders does not require shareholder approval and may be approved by only the compensation committee if the engagement terms are determined in accordance with the company's compensation policy, which was approved by the shareholders by the same special majority required to approve a compensation policy, provided that the insurance policy is on market terms and the insurance policy is not likely to materially impact the company's profitability, assets or obligations.

Our amended and restated articles of association allow us to exculpate, indemnify and insure our office holders for any liability imposed on them as a consequence of an act (including any omission) which was performed by virtue of being an office holder. Our office holders are currently covered by a directors' and officers' liability insurance policy.

We have entered into agreements with certain of our directors and executive officers exculpating them in advance, to the fullest extent permitted by law, from liability to us for damages caused to us as a result of a breach of duty of care, and undertaking to indemnify them to the fullest extent permitted by law. This indemnification is limited to events determined as foreseeable by the board of directors based on our activities, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances.

The maximum indemnification amount set forth in such agreements is limited to an amount equal to 25% of our total shareholders' equity as reflected in our most recent consolidated financial statements prior to the date on which the indemnity payment is made. The maximum amount set forth in such agreements is in addition to any amount paid (if paid) under insurance and/or by a third party pursuant to an indemnification arrangement.

In the opinion of the SEC, indemnification of directors and office holders for liabilities arising under the of 1933 (the "Securities Act"), however, is against public policy and therefore unenforceable.

Acquisitions under Israeli Law

Full Tender Offer

A person wishing to acquire shares of a public Israeli company who would, as a result, hold over 90% of the target company's voting rights or the target company's issued and outstanding share capital (or of a class thereof), is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company (or the applicable class). If (a) the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company (or the applicable class) and the shareholders who accept the offer constitute a majority of the offerees that do not have a personal interest in the acceptance of the tender offer or (b) the shareholders who did not accept the tender offer hold less than 2% of the issued and outstanding share capital of the company (or of the applicable class), all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. A shareholder who had its shares so transferred may petition an Israeli court within six months from the date of acceptance of the full tender offer, regardless of whether such shareholder agreed to the offer, to determine whether the tender offer was for less than fair value and whether the fair value should be paid as determined by the court. However, an offeror may provide in the offer that a shareholder who accepted the offer will not be entitled to petition the court for appraisal rights as described in the preceding sentence, as long as the offeror and the company disclosed the information required by law in connection with the full tender offer. If the full tender offer was not accepted in accordance with any of the above alternatives, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's voting rights or the company's issued and outstanding share capital (or of the applicable class) from shareholders who accepted the tender offer. Shares purchased in contradiction to the full tender offer rules under the Companies Law will have no rights and will become dormant shares.

Special Tender Offer

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if, as a result of the acquisition, the purchaser would become a holder of 25% or more of the voting rights in the company. This requirement does not apply if there is already another holder of 25% or more of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if, as a result of the acquisition, the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company. These requirements do not apply if (i) the acquisition occurs in the context of a private placement that received shareholder approval as a private placement whose purpose is to give the purchaser 25% or more of the voting rights in the company, if there is no person who holds 25% or more of the voting rights in the company or as a private placement whose purpose is to give the purchaser 45% of the voting rights in the company, if there is no person who holds 45% of the voting rights in the company, (ii) the acquisition was from a shareholder holding 25% or more of the voting rights in the company and will result in the purchaser becoming a holder of 25% or more of the voting rights in the company, or (iii) the acquisition was from a shareholder holding more than 45% of the voting rights in the company and will result in the purchaser becoming a holder of more than 45% of the voting rights in the company. A special tender offer must be extended to all shareholders of a company. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer (excluding the purchaser, its controlling shareholders, holders of 25% or more of the voting rights in the company and any person having a personal interest in the acceptance of the tender offer, or anyone on their behalf, including any such person's relatives and entities under their control).

In the event that a special tender offer is made, a company's board of directors is required to express its opinion on the advisability of the offer, or may abstain from expressing any opinion if it is unable to do so, provided that it gives the reasons for its abstention. The board of directors shall also disclose any personal interest that any of the directors have with respect to the special tender offer or in connection therewith. An office holder in a target company who, in his or her capacity as an office holder, performs an action the purpose of which is to cause the failure of an existing or foreseeable special tender offer or to impair the chances of its acceptance, is liable to the potential purchaser and shareholders for damages, unless such office holder acted in good faith and had reasonable grounds to believe he or she was acting for the benefit of the company. However, office holders of the target company may negotiate with the potential purchaser in order to improve the terms of the special tender offer, and may further negotiate with third parties in order to obtain a competing offer.

If a special tender offer is accepted, then shareholders who did not respond to, or that objected to, the offer may accept the offer within four days of the last day set for the acceptance of the offer and they will be considered to have accepted the offer from the first day it was made.

In the event that a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity at the time of the offer may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer. Shares purchased in contradiction to the special tender offer rules under the Companies Law will have no rights and will become dormant shares.

Private Placements

Under the Companies Law, a significant private placement of securities requires approval by the board of directors and shareholders. A private placement is considered a significant private placement if it will cause a person to become a controlling shareholder or if:

- the securities issued amount to 20% or more of the company's outstanding voting rights before the issuance;
- some or all of the consideration is other than cash or listed securities or the transaction is not on market terms; and
- the transaction will increase the relative holdings of a shareholder who holds 5% or more of the company's outstanding share capital or voting rights or that will cause any person to become, as a result of the issuance, a holder of more than 5% of the company's outstanding share capital or voting rights.

Merger

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain conditions described under the Companies Law are met, a simple majority of the outstanding voting rights of each party to the merger that are represented and voting on the merger. The board of directors of a merging company is required pursuant to the Companies Law to discuss and determine whether in its opinion there exists a reasonable concern that as a result of a proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, such determination taking into account the financial status of the merging companies. If the board of directors determines that such a concern exists, it may not approve a proposed merger. Following the approval of the board of directors of each of the merging companies, the boards of directors must jointly prepare a merger proposal for submission to the Israeli Registrar of Companies.

For purposes of the shareholder vote of a merging company whose shares are held by the other merging company, or by a person or entity holding 25% or more of the voting rights at the general meeting of shareholders of the other merging company, or by a person or entity holding the right to appoint 25% or more of the directors of the other merging company, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares voted on the matter at the general meeting of shareholders (excluding abstentions) that are held by shareholders other than the other party to the merger, or by any person or entity who holds 25% or more of the voting rights of the other party or the right to appoint 25% or more of the directors of the other party, or any one on their behalf including their relatives or corporations controlled by any of them, vote against the merger. In addition, if the non-surviving entity of the merger has more than one class of shares, the merger must be approved by each class of shareholders. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the valuation of the merging companies and the consideration offered to the shareholders. If a merger is with a company's controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders.

Under the Companies Law, each merging company must deliver to its secured creditors the merger proposal and inform its unsecured creditors of the merger proposal and its content. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging company, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger is filed with the Israeli Registrar of Companies and 30 days from the date that shareholder approval of both merging companies is obtained.

Anti-Takeover Measures

The Companies Law allows us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights with respect to voting, distributions or other matters and shares having preemptive rights. As of the date of this Annual Report, no preferred shares are authorized under our amended and restated articles of association. In the future, if we do authorize, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their ordinary shares. The authorization and designation of a class of preferred shares will require an amendment to our amended and restated articles of association, which requires the prior approval of the holders of a majority of the voting power attached to our issued and outstanding ordinary shares at a general meeting of our shareholders. The convening of the meeting, the shareholders entitled to participate and the vote required to be obtained at such a meeting will be subject to the requirements set forth in the Companies Law and our amended articles of association, as described above in “-Shareholder Meetings.”

Borrowing Powers

Pursuant to the Companies Law and our amended and restated articles of association, our board of directors may exercise all powers and take all actions that are not required under law or under our amended and restated articles of association to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

Exclusive Forum

Our amended and restated articles of association provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both U.S. state and federal courts have jurisdiction to entertain such claims. This choice of forum provision may limit a shareholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees and may increase the costs associated with such lawsuits, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our amended and restated articles of association inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition. Any person or entity purchasing or otherwise acquiring any interest in our share capital shall be deemed to have notice of and to have consented to the choice of forum provisions of our amended and restated articles of association described above, provided, however, that nothing in this provision constitutes any waiver of compliance with U.S. federal securities laws and the rules and regulations thereunder. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

Our amended and restated articles of association also provide that unless we consent in writing to the selection of an alternative forum, the competent courts in Tel Aviv, Israel shall be the exclusive forum for any derivative action or proceeding brought on behalf of the Company, any action asserting a breach of a fiduciary duty owed by any of our directors, officers or other employees to the Company or our shareholders or any action asserting a claim arising pursuant to any provision of the Companies Law or the Israeli Securities Law.

Subsidiaries of Nayax Ltd.

Nayax Ltd. is the ultimate holding company for our subsidiaries. As of December 31, 2024, we had 30 (direct or indirect) subsidiaries. The following table sets out for the subsidiaries we consider significant as of December 31, 2024, the country of incorporation and the percentage ownership and voting interest held by us.

Company	Country of Incorporation	Percentage Ownership and Voting Interest	Main Activities
Nayax LLC	USA (Maryland)	100%	Sale of the Company’s products and services Processing transactions on behalf of the Company’s customers in
Nayax Europe UAB	Lithuania	100%	Europe
Nayax AU PTY Ltd.	Australia	100%	Sale of the Company’s products and services
Nayax (UK) Limited	UK	100%	Sale of the Company’s products and services



Insider Trading Policy

of

Nayax Ltd.

Approved by the Board of Directors, as amended, on

January 30, 2025

Nayax Ltd.

Insider Trading Policy

1. Purpose and Scope

Nayax Ltd. and its subsidiaries (collectively, the “**Company**”) will, without exception, comply with all applicable laws and regulations in conducting its business. Each employee and each director is expected to abide by this policy. When carrying out Company business, employees and directors must avoid any activity that violates applicable laws or regulations. In order to avoid even an appearance of impropriety, the Company’s directors, officers and certain other employees are subject to pre-approval requirements described below and other limitations on their ability to enter into transactions involving the Company’s securities.

Although these limitations do not apply to transactions pursuant to written plans for trading securities that comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), the entry into, amendment or termination of any such written trading plan is subject to pre-approval requirements and other limitations.

2. Audience

The prohibition against trading on inside information applies to directors, officers and all other domestic and international employees of the Company and its subsidiaries, and to other people who gain access to that information. The prohibition also applies to:

- a) the spouses, domestic partners, minor children (even if financially independent) and any other member of the household of such employees or directors;
- b) anyone to whom such employees or directors provide significant financial support; and
- c) any account over which employees, directors and the persons listed in a) and b) above have or share the power, directly or indirectly, to make investment decisions (whether or not such persons have a financial interest in the account) and those accounts established or maintained by such persons with their consent or knowledge and in which such persons have a direct or indirect financial interest.

Because of their access to confidential information on a regular basis, Company policy subjects its directors and certain employees (the “**Window Group**”) to additional restrictions on trading in Company securities. The restrictions for the Window Group are discussed in the section below.

3. General Rule

The U.S. and Israeli securities laws (the “**Applicable Laws**”) regulate the sale and purchase of securities in the interest of protecting the investing public. The Applicable Laws give the Company, its officers and directors, and other employees the responsibility to ensure that information about the Company is not used unlawfully in the purchase and sale of securities (such as stocks, bonds, notes, debentures, limited partnership units or other equity or debt securities).

All employees and directors should pay particularly close attention to the laws against trading on nonpublic, or “inside,” information. These laws are based upon the belief that all persons trading in a company’s securities should have equal access to all “material” information about that company. For example, if an employee or a director of a company knows material inside financial information, that employee or director is prohibited from buying or selling shares in the company until the information has been adequately disclosed to the public. This is because the employee or director knows information that could cause the share price to change, and it would be unfair for the employee or director to have an advantage (knowledge that the share price could change) that the rest of the investing public does not have. In fact, it is more than unfair; it is considered to be fraudulent and illegal. Civil and criminal penalties for this kind of activity are severe.

With commencement of employment or engagement with the Company or any of its subsidiaries, if possible, all new officers and employees shall sign a confidentiality clause or agreement that includes an undertaking not to engage in insider trading.

The general rule can be stated as follows: It is a violation of securities laws for any person to buy or sell securities if he or she is in possession of material inside information. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. Material information can be favorable or unfavorable. If it is not clear whether inside information is material, it should be treated as if it was material. Some examples of information that could be considered material include:

- Significant changes in key performance indicators of the Company,
 - Actual, anticipated or targeted earnings and dividends and other financial information,
 - Financial, sales and other significant internal business forecasts, or a change in previously released estimates,
 - Mergers, business acquisitions or dispositions, or the expansion or curtailment of operations
 - Significant events affecting the Company’s operations, including any breach of information systems that compromises the functioning of the Company’s information or other systems or results in the exposure or loss of customer information, in particular personal information
 - New equity or debt offerings or significant borrowing,
 - Analyst upgrades or downgrades of the issuer or one of its securities,
 - Significant changes in accounting treatment, write-offs or effective tax rate,
 - Significant litigation or governmental investigation,
 - Changes in top management, and
 - Share splits or other corporate actions.
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It is inside information if it has not been publicly disclosed in a manner making it available to investors generally on a broad-based non-exclusionary basis (e.g., the filing of a 6-K or press release). If it is not clear whether material information has been sufficiently publicized, it should be treated as if it is inside information. Furthermore, it is illegal for any officer, director or other employee in possession of material inside information to provide other people with such information or to recommend that they buy or sell the securities (this is called “**tipping**”). In that case, they may both be held liable.

The U.S. Securities and Exchange Commission (the “**SEC**”) the Israeli Securities Authority (the “**ISA**”), the stock exchanges and plaintiffs’ lawyers focus on uncovering insider trading. A breach of the insider trading laws could expose the insider or anyone who trades on information provided by an insider to criminal fines, civil penalties and administrative enforcement actions.

Inside information does not belong to the individual directors, officers or employees who may handle it or otherwise become knowledgeable about it. It is an asset of the Company. For any person to use such information for personal benefit or to disclose it to others outside the Company violates the Company’s interests and may be in breach of his fiduciary, loyalty or other duties to the Company. More particularly, in connection with trading in the Company’s securities, it is a fraud against members of the investing public and against the Company. The mere perception that an employee or director traded with the knowledge of material inside information could harm the reputation of both the Company and that employee or director.

4. Other Companies’ Securities

Employees and directors who learn material information about suppliers, customers, or competitors through their work at the Company, should keep it confidential and not buy or sell securities in such companies until the information becomes public. Employees and directors should not give tips about such securities.

5. Hedging and Derivatives

Employees and directors are prohibited from engaging in any derivative transactions (including transactions involving options, puts, calls, prepaid variable forward contracts, equity swaps, collars and exchange funds or other derivatives) that are designed to hedge or speculate on any change in the market value of the Company’s equity securities. To emphasize, in some cases receiving, exercising or transferring options involving the Company’s securities may also be viewed as insider trading. As discussed below, directors and employees are also prohibited from shorting the Company’s securities.

Trading in options or other derivatives is generally highly speculative and very risky. People who buy options are betting that the share price will move rapidly. For that reason, when a person trades in options in his or her employer’s shares, it may arouse suspicion in the eyes of the SEC and the ISA that the person was trading on the basis of inside information, particularly where the trading occurs before a company announcement or major event. It is difficult for an employee or director to prove that he or she did not know about the announcement or event. If the SEC or the ISA or the stock exchanges were to notice active options trading by one or more employees or directors of the Company prior to an announcement, they would likely investigate. Such an investigation could be embarrassing to the Company (as well as expensive), and could result in severe penalties and expense for the persons involved. For all of these reasons, the Company prohibits its employees and directors from trading in options or other securities involving the Company’s ordinary shares.

6. Pledging of Securities, Margin Accounts

Pledged securities may be sold by the pledgee without the pledgor's consent under certain conditions. For example, securities held in a margin account may be sold by a broker without the customer's consent if the customer fails to meet a margin call. Because such a sale may occur at a time when an employee or a director has material inside information or is otherwise not permitted to trade in Company securities, the Company prohibits employees and directors from pledging Company securities in any circumstance, including by purchasing Company securities on margin or holding Company securities in a margin account, provided that such prohibition shall not apply to any pledge i) otherwise approved by the Audit Committee; or already existing on the date this policy is adopted by the board.

7. General Guidelines

The following guidelines should be followed in order to ensure compliance with applicable antifraud laws and with the Company's policies:

- a) Nondisclosure. Material inside information must not be disclosed to anyone, except to persons within the Company whose positions require them to know it. No employee or director should discuss material inside information in public places or in common areas on Company property.
 - b) Trading in Company Securities. No employee or director may place a purchase or sale order, or recommend that another person place a purchase or sale order in the Company's securities when he or she has knowledge of material information concerning the Company that has not been disclosed to the public. This includes orders for purchases and sales of ordinary shares, convertible securities and other securities (e.g., bonds) and includes increasing or decreasing investment in Company securities through a retirement account. No employee or director may exercise an employee option when he or she has knowledge of material information concerning the Company that has not been disclosed to the public. Ordinary shares that were previously acquired upon exercise of an employee option will be treated like any other shares, and may not be sold by an employee who is in possession of material inside information. Any employee or director who possesses material inside information should wait until the start of the second business day after the information has been publicly released before trading. There is no exception to this policy, even for hardship to the employee or director or based on the use of proceeds (such as making a mortgage payment or for an emergency expenditure).
 - c) Avoid Speculation. Investing in the Company's ordinary shares provides an opportunity to share in the future growth of the Company. But investment in the Company and sharing in the growth of the Company does not mean short range speculation based on fluctuations in the market. Such activities put the personal gain of the employee or director in conflict with the best interests of the Company and its shareholders. Although this policy does not mean that employees or directors may never sell shares, the Company encourages employees and directors to avoid frequent trading or speculating in Company shares. Speculating in Company shares is not part of the Company culture.
 - d) Trading in Other Securities. No employee or director should place a purchase or sale order (including investment through a retirement account), or recommend that another person place a purchase or sale order, in the securities of another corporation, if the employee or director learns in the course of his or her employment confidential information about the other corporation that is likely to affect the value of those securities. For example, it would be a violation of the securities laws if an employee or director learned through Company sources that the Company intended to purchase assets from another company, and then placed an order to buy or sell shares in that other company because of the likely increase or decrease in the value of its securities.
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e) Restrictions on Key Insiders. The Israeli Securities Law stipulates that the sale of securities by a key insider (as defined in section 52e of the Israeli Securities Law) within three months of purchasing them, or the purchase of securities by such an insider within three months of selling them, shall constitute prima facie evidence of the use of insider information. Therefore – the Company prohibits key insiders from (a) selling company securities within three months of purchasing them; (b) purchasing company securities within three months of selling them. This prohibition shall not apply in the case of a blind purchase and sale plan in accordance with the law and relevant regulations, provided such plan is accepted by the stock exchange on which the Company's shares are traded. **"Key Insiders"** – CEO, C-level management, VP finance.

f) Restrictions on the Window Group. The Window Group consists of (i) directors and executive officers of the Company and their assistants and household members, (ii) employees in the financial reporting, finance operations, sales and business development group and (iii) such other persons as may be designated from time to time and informed of such status by the Company's Chief Legal Officer, Chief Financial Officer or Chief Compliance Officer. The Window Group is subject to the following restrictions on trading in Company securities:

- trading is permitted from the start of the second business day following an earnings release with respect to the preceding fiscal period until (and including) the last calendar day of the last month of the then current fiscal quarter (the **"Window"**), subject to the restrictions below;
- all trades are subject to prior review by the Chief Legal Officer or Chief Financial Officer;
- clearance for all trades must be obtained from the Company's Chief Legal Officer or Chief Financial Officer;
- no trading is permitted outside the Window except for reasons of exceptional personal hardship and subject to prior approval by the Chief Executive Officer and Chief Legal Officer; provided that, if one of these individuals wishes to trade outside the Window, it shall be subject to prior approval by the other; and
- individuals in the Window Group are also subject to the general restrictions on all employees.

Note that at times the Chief Legal Officer may determine that no trades may occur even during the Window when clearance is requested. This may occur as a result of a pending business transaction, a cyber-breach, or any material development that has not yet been publicly disclosed. No reasons may be provided and the closing of the Window may itself constitute material inside information that should not be communicated.

The foregoing Window Group restrictions do not apply to transactions pursuant to written plans for trading securities that comply with Rule 10b5-1 under the Exchange Act ("**10b5-1 Plans**"). However, Window Group members may not enter into, amend or terminate a 10b5-1 Plan relating to Company securities without the prior approval of the Chief Legal Officer, which will only be given during a Window period and only if the Window Group member does not have knowledge of material nonpublic information.

The Supervisor will send a quarterly reminder to all applicable individuals regarding the restricted trading periods, as described in this policy.

g) Ad-Hoc Restrictions. The Supervisor, the Board or the CEO may, at their discretion, impose additional restrictions on the activities discussed in this policy. These restrictions may apply to any or all individuals subject to this policy. Notice of any such restriction shall be provided by the Company to the affected individuals.

8. Applicability of U.S. Securities Laws to International Transactions

All employees of the Company⁷ and its subsidiaries are subject to the restrictions on trading in Company securities and the securities of other companies. The U.S. securities laws may be applicable to trades in the Company's securities executed outside the U.S., as well as to the securities of the Company's subsidiaries or affiliates, even if they are located outside the United States. Transactions involving securities of subsidiaries or affiliates should be carefully reviewed by counsel for compliance not only with local law but also for possible application of U.S. securities laws.

9. Other Limitations on Securities Transactions

a) *Public Resales – Rule 144*

The U.S. Securities Act of 1933, as amended (the “**Securities Act**”), requires every person who offers or sells a security to register such transaction with the SEC unless an exemption from registration is available. Rule 144 under the Securities Act is the exemption typically relied upon for (i) public resales by any person of “restricted securities” (*i.e.*, unregistered securities acquired in a private offering or sale) and (ii) public resales by directors, officers and other control persons of a company (known as “**affiliates**”) of any of the Company's securities, whether restricted or unrestricted.

The exemption in Rule 144 may only be relied upon if certain conditions are met. These conditions vary based upon whether the Company has been subject to the SEC's reporting requirements for 90 days (and is therefore a “reporting company” for purposes of the rule) and whether the person seeking to sell the securities is an affiliate or not. Application of the rule is complex and Company employees and directors should not make a sale of Company securities in reliance on Rule 144 without obtaining the approval of the Chief Legal Officer, who may require the employee or director to obtain an outside legal opinion satisfactory to the Chief Legal Officer concluding that the proposed sale qualifies for the Rule 144 exemption.

1. **Holding Period.** Restricted securities issued by a reporting company (*i.e.*, a company that has been subject to the SEC's reporting requirements for at least 90 days) must be held and fully paid for a period of six months prior to their sale. Restricted securities issued by a non-reporting company are subject to a one-year holding period. The holding period requirement does not apply to securities held by affiliates that were (i) acquired either in the open market or in a public offering of securities registered under the Securities Act or (ii) acquired pursuant to Regulation S under the Securities Act prior to the Company's U.S. listing. Generally, if the seller acquired the securities from someone other than the Company or an affiliate of the Company, the holding period of the person from whom the seller acquired such securities can be “tacked” to the seller's holding period in determining if the holding period has been satisfied.

2. **Current Public Information.** Current information about the Company must be publicly available before the sale can be made. The Company's periodic reports filed with the SEC ordinarily satisfy this requirement. If the seller is not an affiliate of the Company issuing the securities (and has not been an affiliate for at least three months) and one year has passed since the securities were acquired from the issuer or an affiliate of the issuer (whichever is later), the seller can sell the securities without regard to the current public information requirement.

Rule 144 also imposes the following additional conditions on sales by persons who are “affiliates.” A person or entity is considered an “affiliate,” and therefore subject to these additional conditions, if it is currently an affiliate or has been an affiliate within the previous three months:

3. Volume Limitations. The amount of debt securities which can be sold by an affiliate and by certain persons associated with the affiliate during any three-month period cannot exceed ten percent (10%) of a tranche (or class when the securities are non-participatory preferred stock), together with all sales of securities of the same tranche sold for the account of the affiliate. The amount of equity securities that can be sold by an affiliate during any three-month period cannot exceed the greater of (i) one percent (1%) of the outstanding shares of the class or (ii) the average weekly reported trading volume for shares of the class during the four calendar weeks preceding the time the order to sell is received by the broker or executed directly with a market maker.

4. Manner of Sale. Equity securities held by affiliates must be sold in unsolicited brokers’ transactions, directly to a market-maker or in riskless principal transactions.

5. Notice of Sale. An affiliate seller must file a notice of the proposed sale with the SEC at the time the order to sell is placed with the broker, unless the amount to be sold neither exceeds 5,000 shares nor involves sale proceeds greater than USD 50,000. See “Filing Requirements” below.

Bona fide gifts are not deemed to involve sales of shares for purposes of Rule 144, so they can be made at any time without limitation on the amount of the gift. Donees who receive restricted securities from an affiliate generally will be subject to the same restrictions under Rule 144 that would have applied to the donor, depending on the circumstances.

b) *Private Resales*

Directors and officers also may sell securities in a private transaction without registration pursuant to Section 4(a)(7) of the Securities Act, which allows resales of shares of reporting companies to accredited investors, provided that the sale is not solicited by any form of general solicitation or advertising. There are a number of additional requirements, including that the seller and persons participating in the sale on a remunerated basis are not “bad actors” under Rule 506(d)(1) of Regulation D or otherwise subject to certain statutory disqualifications; the Company is engaged in a business and not in bankruptcy; and the securities offered have been outstanding for at least 90 days and are not part of an unsold underwriter’s allotment. Private resales must be reviewed in advance by the Company’s Chief Legal Officer and may require the participation of outside counsel.

c) *Restrictions on Purchases of Company Securities*

In order to prevent market manipulation, the SEC adopted Regulation M under the Exchange Act. Regulation M generally restricts the Company or any of its affiliates from buying Company shares, including as part of a share buyback program, in the open market during certain periods while a distribution, such as a public offering, is taking place. You should consult with the Company’s Chief Legal Officer if you desire to make purchases of Company shares during any period in which the Company is conducting an offering. Similar considerations may apply during period when the Company is conducting or has announced a tender offer.

d) *Filing Requirements*

a) Schedule 13D and 13G. Section 13(d) of the Exchange Act requires the filing of a statement on Schedule 13D (or on Schedule 13G, in certain limited circumstances) by any person or group that acquires beneficial ownership of more than five percent of a class of equity securities registered under the Exchange Act. The threshold for reporting is met if the shares owned, when coupled with the amount of shares subject to options exercisable within 60 days, exceeds the five percent limit.

A report on Schedule 13D is required to be filed with the SEC and submitted to the Company within ten days after the reporting threshold is reached. If a material change occurs in the facts set forth in the Schedule 13D, such as an increase or decrease of one percent or more in the percentage of shares beneficially owned, an amendment disclosing the change must be filed promptly. A decrease in beneficial ownership to less than five percent (5%) is *per se* material and must be reported.

A person is deemed the beneficial owner of securities for purposes of Section 13(d) if such person has or shares voting power (*i.e.*, the power to vote or direct the voting of the securities) or dispositive power (*i.e.*, the power to sell or direct the sale of the securities). As is true under Section 16(a) of the Exchange Act, a person filing a Schedule 13D may seek to disclaim beneficial ownership of any securities attributed to him or her if he or she believes there is a reasonable basis for doing so.

b) Form 144. As described above under the discussion of Rule 144, an affiliate seller relying on Rule 144 must file a notice of proposed sale with the SEC at the time the order to sell is placed with the broker unless the amount to be sold during any three-month period neither exceeds 5,000 shares nor involves sale proceeds greater than USD 50,000.

10. Contact Information

All questions and inquiries regarding this Insider Trading Policy should be addressed to the Chief Legal Officer.

11. Amendments

The Audit Committee or the Board of Directors may amend or modify this Insider Trading Policy at any time.

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Yair Nechmad, certify that:

1. I have reviewed this annual report on Form 20-F of Nayax Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 4, 2025

By: /s/ Yair Nechmad
Yair Nechmad
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sagit Manor, certify that:

1. I have reviewed this annual report on Form 20-F of Nayax Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 4, 2025

By: /s/ Sagit Manor
Sagit Manor
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 20-F of Nayax Ltd. (the “Company”) for the year ended December 31, 2024 (the “Report”), I, Yair Nechmad, Chief Executive Officer of the Company, do hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 4, 2025

By: /s/ Yair Nechmad
Yair Nechmad
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Nayax Ltd. and will be retained by Nayax Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 20-F of Nayax Ltd. (the “Company”) for the year ended December 31, 2024 (the “Report”), I, Sagit Manor, Chief Financial Officer of the Company, do hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 4, 2025

By: /s/ Sagit Manor
Sagit Manor
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Nayax Ltd. and will be retained by Nayax Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-267542) and Form F-3 (No. 333-274812) of Nayax Ltd. of our report dated March 4, 2025 relating to the financial statements, which appears in this Form 20-F.

Tel-Aviv, Israel
March 4, 2025

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

*Kesselman & Kesselman, Derech Menachem Begin 146, Tel-Aviv 6492103, Israel,
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