Nayax

Nayax Q2 2022 Earnings Presentation

August 17, 2022

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Today's Speakers

Yair Nechmad
CEO and Co-Founder

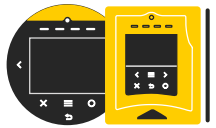
Sagit Manor
CFO

Company Overview

Nayax (TASE: NYAX) at a Glance

Global

Offices in **9 countries** and distributors in **44 markets**



Devices in **62 countries**

Accepts **80+ payment methods** and **40+ currencies**

Scale

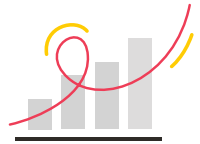
Dec. 2021: 517K/ Jun. 2022: 595K managed and connected devices

Dec. 2021: 30K/ Jun. 2022: 38K end customers

316M transactions processed in Q2 2022

Growth

47% Q2.2022 recurring revenue[1] YoY growth



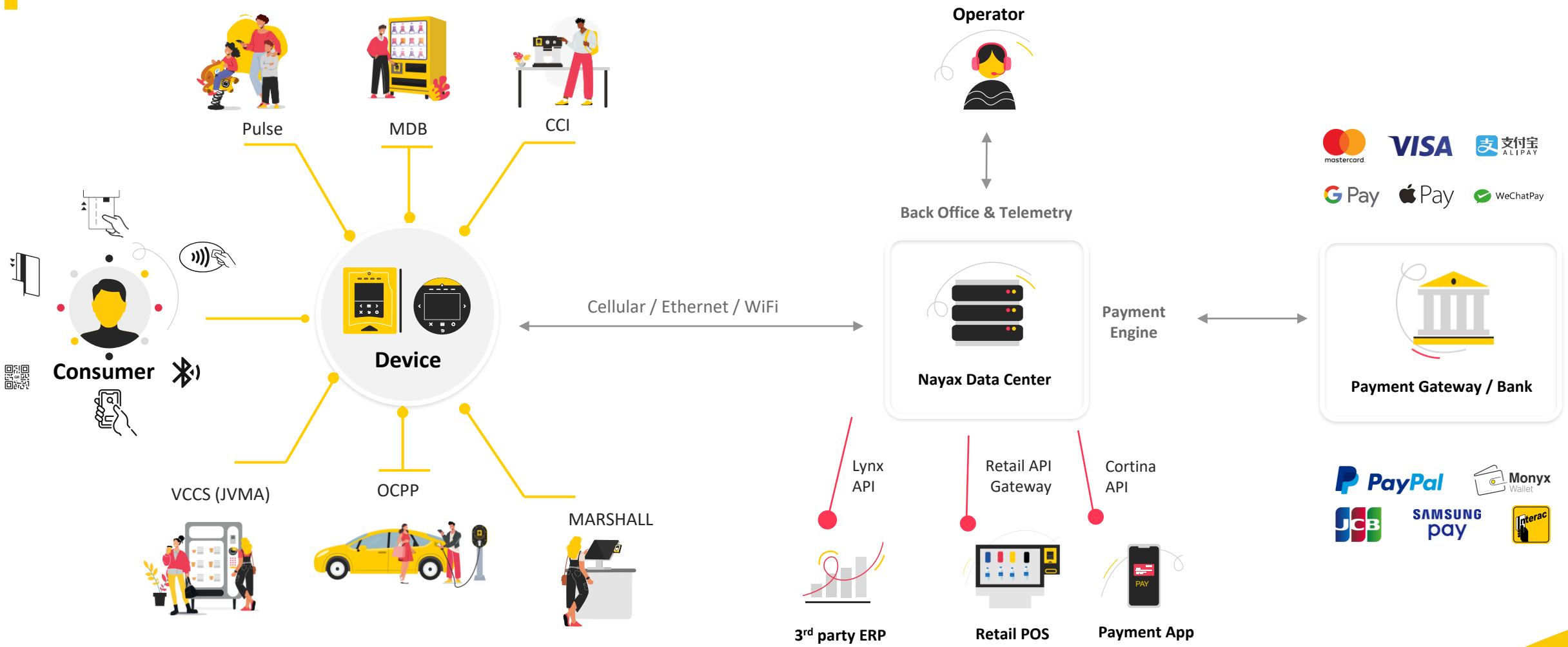
58% Q2.2022 customer YoY growth

132% dollar-based net retention rate[2] and **3.3% revenue churn** for Q2.2022

(1) Recurring revenue includes SaaS subscription and payment processing fees (2) Based on SaaS revenue and payment processing fees
Doesn't include OTI figures except for our office locations

Nayax

The Nayax Eco-System



Nayax's platform increases sales and decreases costs for retailers

Consumers

Omni-Channel Acceptance, Consumer Engagement & Loyalty

Integrated POS

Loyalty and Marketing Programs

Cashless Acceptance

Instant Refunds

In-Store

Discount

Increase Sales

Retailers

Telemetry and Software

Dynamic Routing/ Inventory Management

Pricing

Reporting Reconciliation

Remote Monitoring

Telemetry / IoT

Data Collection

Decrease Costs

Suppliers

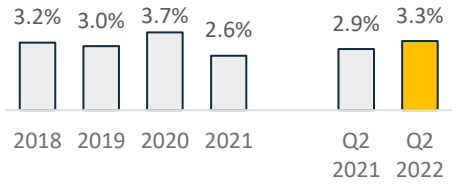
Nayax

Bringing a Global Solution to the Local Market

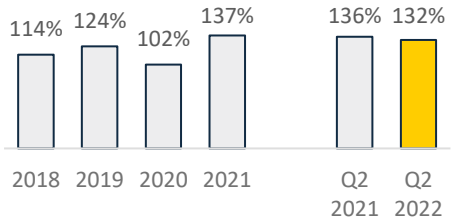
Strong Track Record of Winning Clients

Retaining & Growing Customers

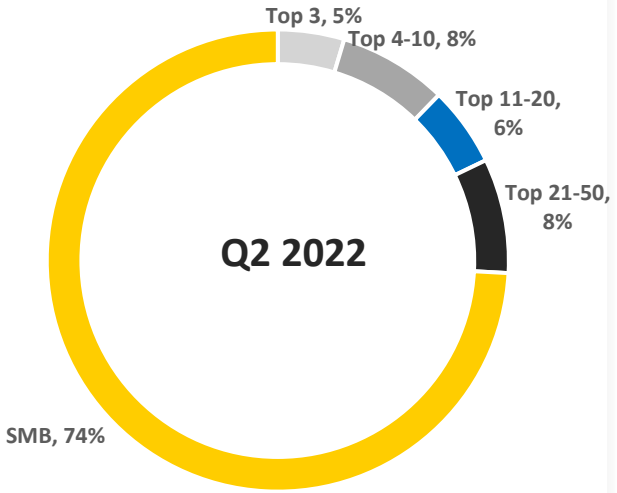
YoY Revenue Churn Rate



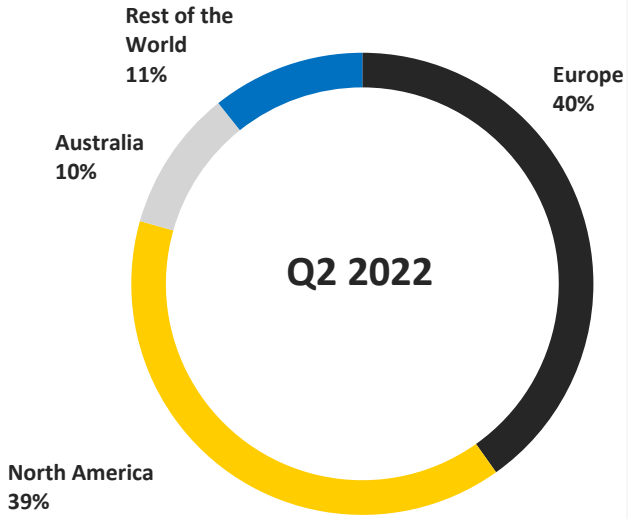
YoY Dollar-Based Net Retention Rate[1]



Low Customer Concentration



Global Reach



[1] Based on SaaS revenue and payment processing fees

Does not include OTI figures

Recent Announcements

- **Five Star** expansion: **Nayax** as their cashless partner and **Vendsys** being chosen as their vending management systems
- **Compass Group** expansion: **Extended** contract to manage beyond the existing 50,000 point-of-sale (POS) devices. Compass manages 200,000 unattended POS devices
- **EV Meter** finished a successful proof of concept project in California partnering with **PG&E - Pacific Gas and Electric**

Nayax started first roll out and processing for Tier 1 customer **Dallmayr** in the **UAE**

Nayax has finished certification phase and shipped first batch of units to expand into **New Zealand**

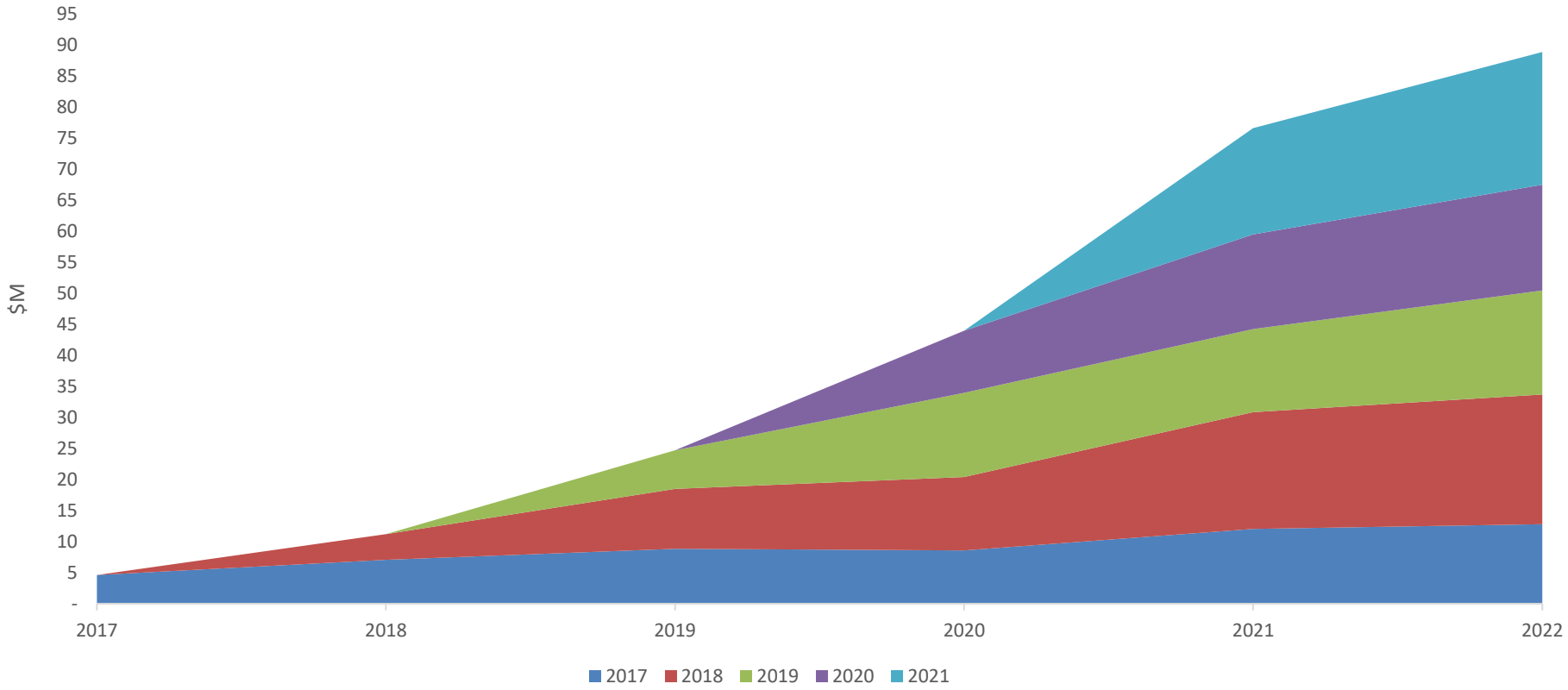
WEEZMO expand their footprint in Europe signing two new deals with **Amarla** – a licensee of leading global fashion brands and **Notos** – a licensee of American Eagle Outfitters in Greece

- **Nayax** and **Cover Group**, one of the leading buying groups in the vending segment in the UK have reached a mutual agreement to become the preferred payment solution supplier to the Cover Group
- **Nayax Nova** family (retail): **Nayax** and **E-Service** rolled out first **Nova 55** retail terminal

EV Meter introduce its Multi-Family Residences (Multi Dwelling) solution for EV charging systems lunching the solutions in over than 30 different sites.

Land and Expand Yielding Higher Customer Loyalty

Existing Customer Expansion ($m) (1) (2)



Highlights

Strong growth from existing customers. For example, revenue from customers in 2018 grew more than **5X** between 2018 and 2022.

(1) Please see Appendix for definition of existing customer expansion. (2) 2022 numbers includes 12 month run rate (H2 of 2021 and H1 of 2022)

Financial Overview

Powerful Business Model Built on Solid Recurring Revenue

Engage

Integrated POS

$ Per Sold Integrated POS

Integrated POS Sales

Operate

Telemetry & Software Management Suite

Monthly $ per Connection

SaaS Revenue

Transact

Payments

% Per Transaction

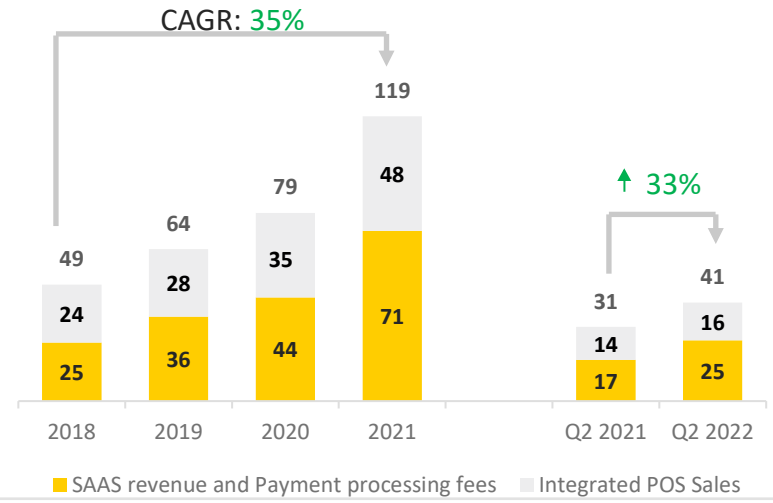
Payment Processing Fees

61%[1] Recurring Revenue (Q2 2022)

(1) SaaS revenue and payment processing fees as % of total revenue
Does not include OTI figures

Our Business Model is Working

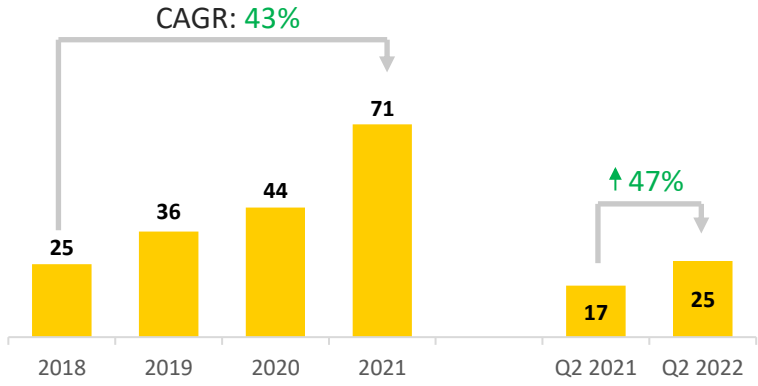
Strong Revenue Growth ($m)



Highlights

Strong Q2 revenue. Grew **33%** YoY as we continue to benefit from strong and growing hardware and recurring revenue.

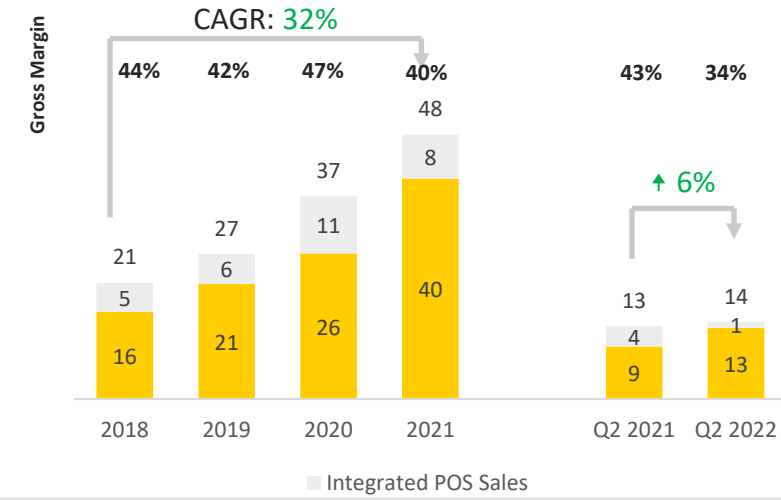
High Recurring Revenue ($m) (1)



Highlights

High recurring revenue consisting of SaaS revenue and payment processing fees. Grew by **47%** YoY.

Gross Profit ($m)

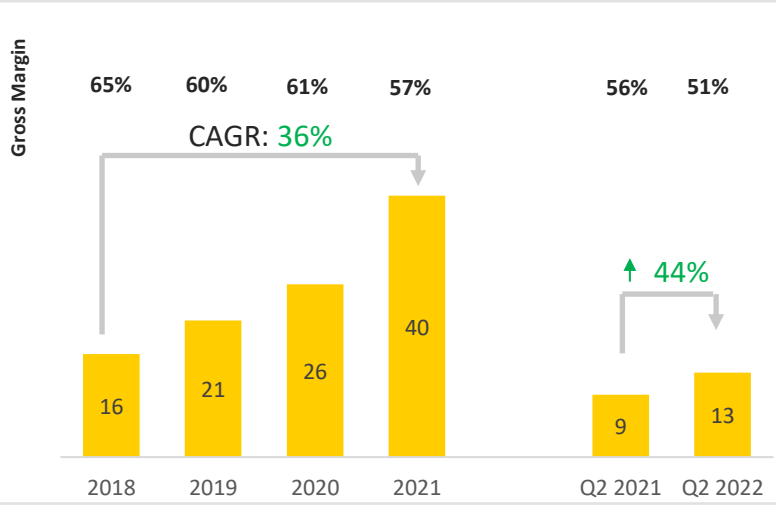


Highlights

Gross profit attributed to revenue shift consisting of SaaS and payment processing.

Q2 2022 gross margin reflects the ongoing disruption caused by the global component shortage and supply chain dynamics

Strong Gross Recurring Profit ($m)



Highlights

Gross Profit grew **44%** YoY

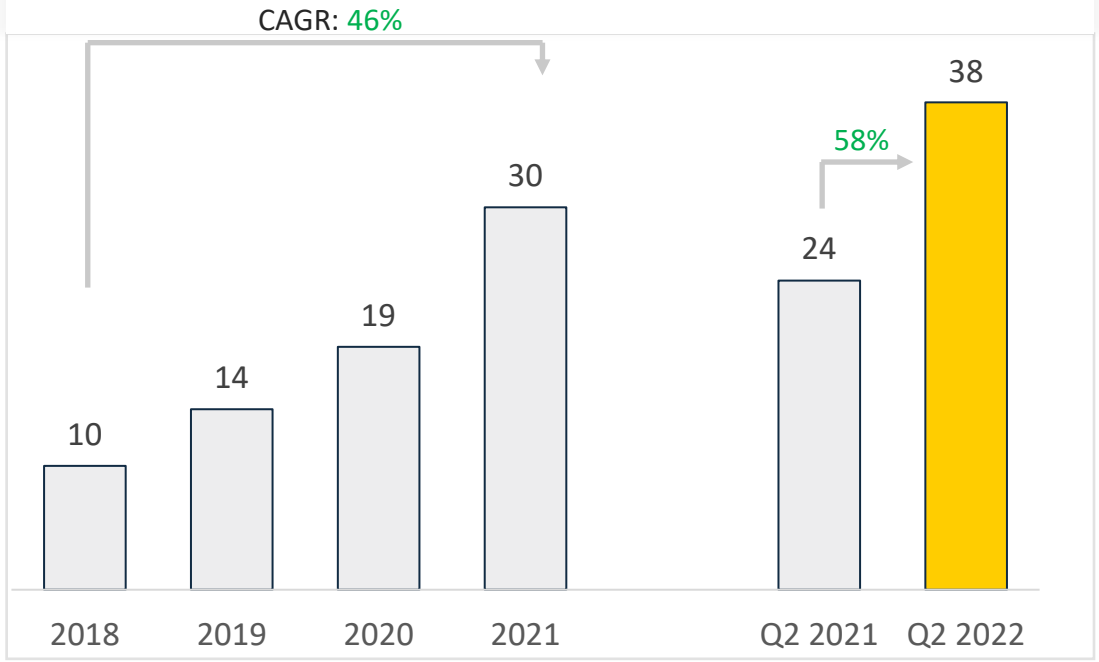
Q2 2022 gross margin mostly reflects the shift mix of higher payment processing than SaaS revenue.

(1) Recurring Revenue: SaaS Revenue and Payment processing fees.
Does not include OTI figures

Nayax

Consistent Track Record Of Expanding Footprint

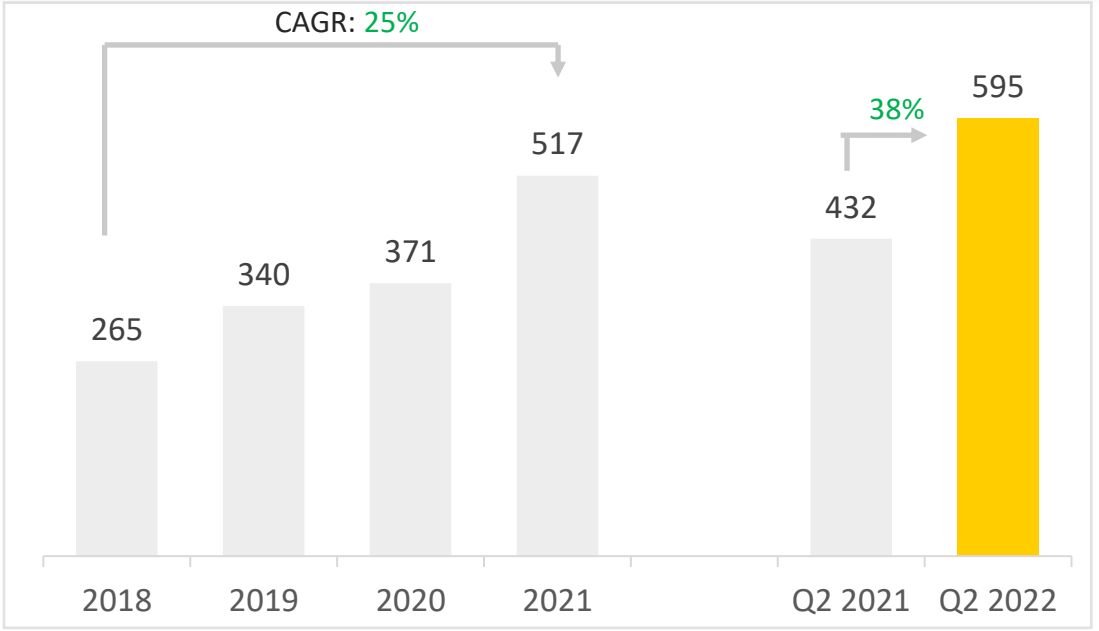
Number of Customers (thousands)



Highlights

- Q2 2022 reflects accelerated momentum in customer base increase, with YoY growth of **58%**, reflected across all geographies.
- Significantly increasing and retaining customer base with high net retention rate at **132%** and low churn rate at **3.3%**.

Number of Managed and Connected Devices (thousands)



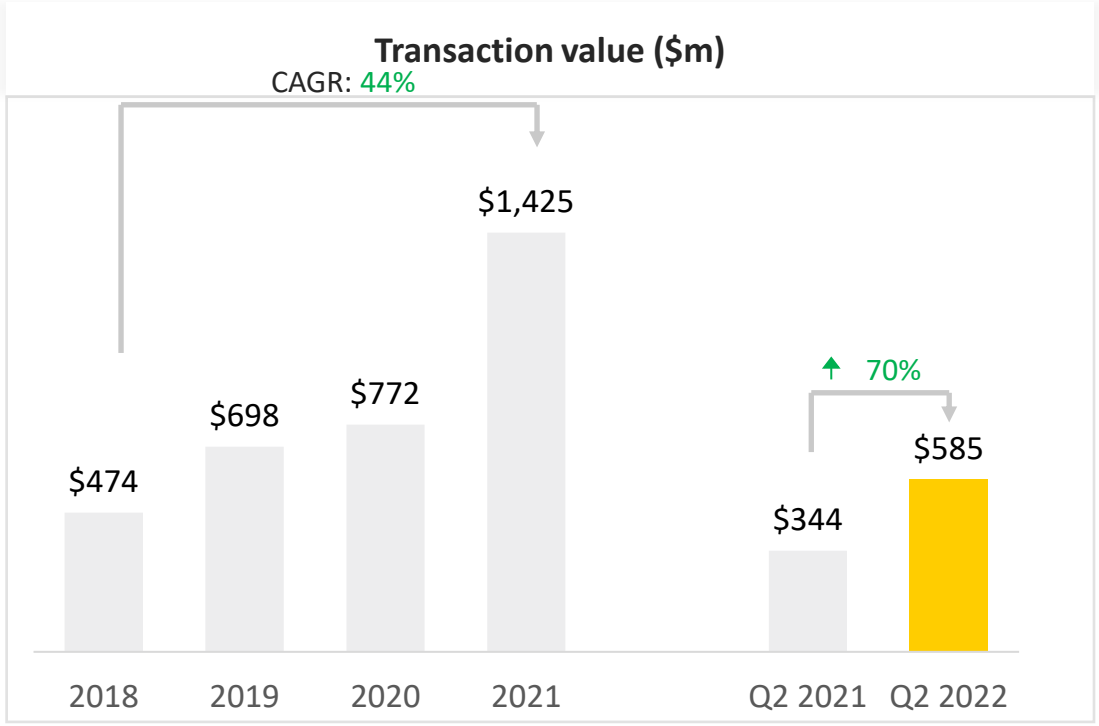
Highlights

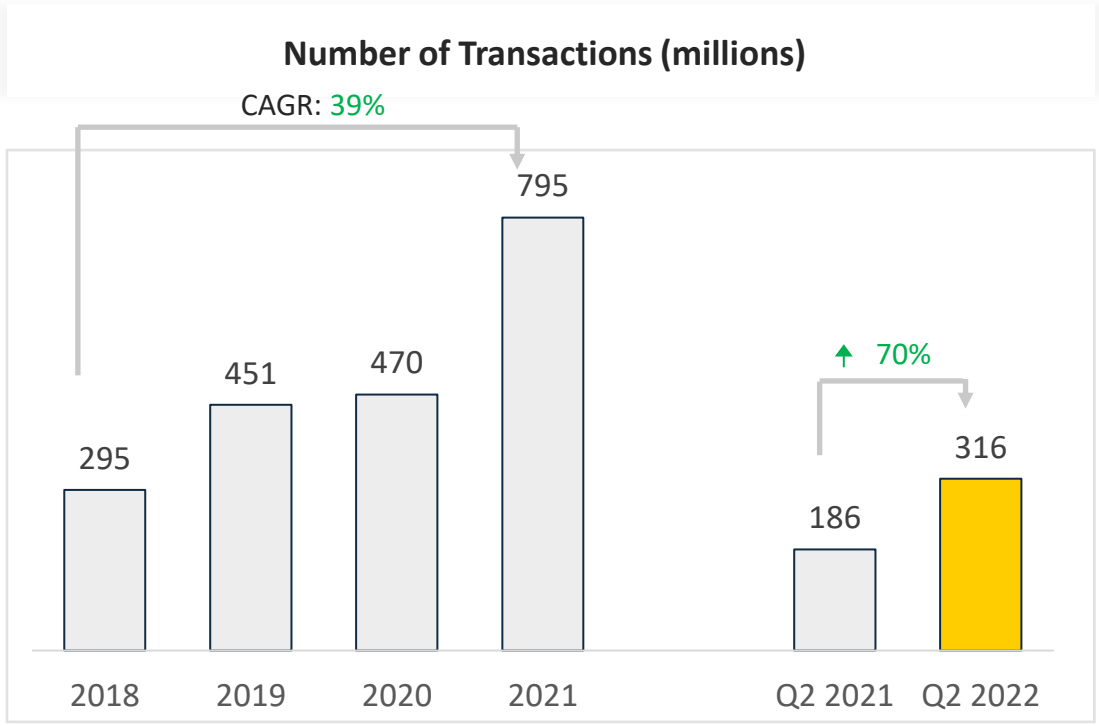
- Reaching another record number of almost **600,000** managed and connected devices across all geographies.
- Grew by **38%** YoY in 2022.

Does not include OTI figures

Nayax

Global Cashless Payment Trends Driving Transactions





Highlights

70% Growth in 2022 YoY

- Growth across all geographies driven by consumer behavior trends, increased transactions processed for our larger customer base

Highlights

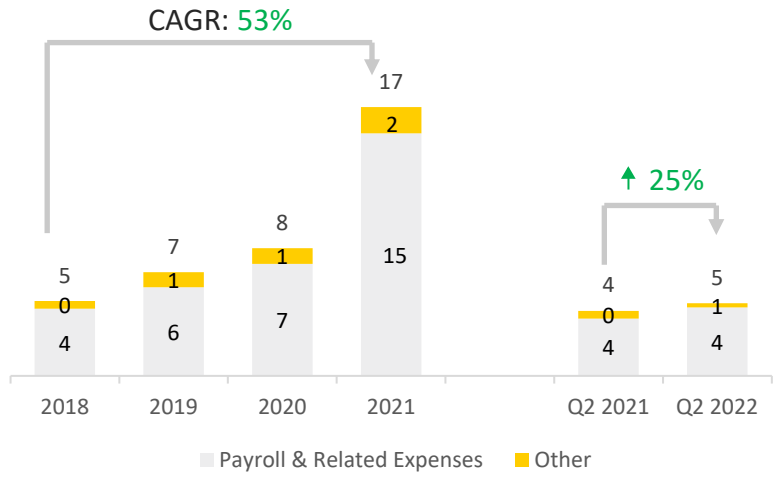
70% Growth in 2022 YoY

- Growth across all geographies as shifts in customer behavior continued and strong customer expansion

Does not include OTI figures

Higher Operating Expenses to Support Strategic Growth Plan

R&D Expense ($m) (1)

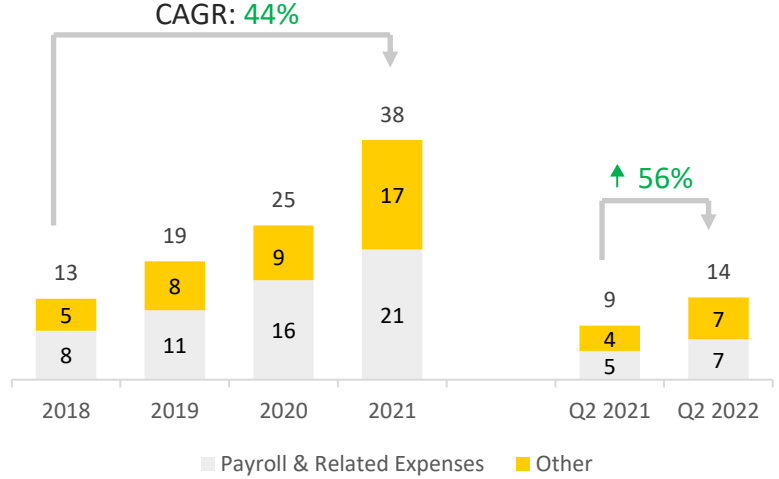


Highlights

25% Growth in Q2 2022 YoY

Reflects an increase investment in talent acquisition, product innovation and infrastructure.

SG&A Expense ($m) (2)

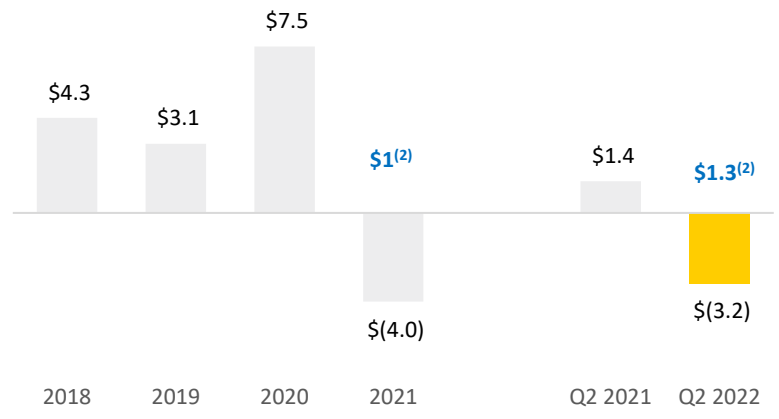


Highlights

56% Growth in Q2 2022 YoY

This reflects an investment in talent acquisition, customer base expansion, higher go-to-market expenses and investment in infrastructure.

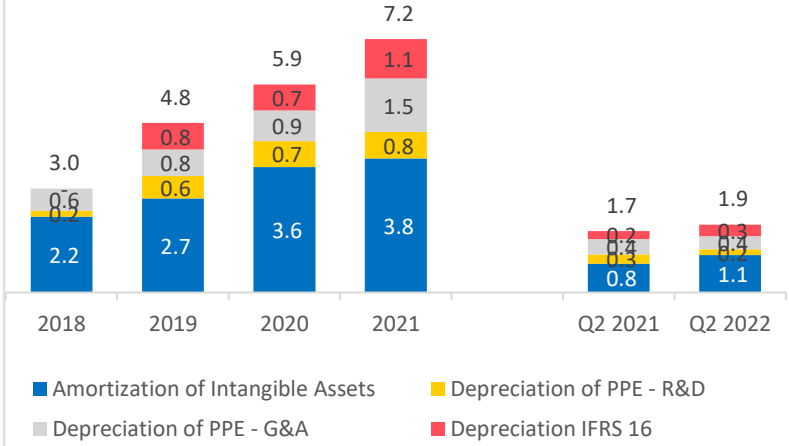
Adjusted EBITDA ($m)



Highlights

Consistently profitable over several years. Q2 2022 Adjusted EBITDA was negative $3.2 million, compared to $1.4 in Q2 2021 due to higher cost of goods sold resulting from global component shortage and an increase in operating expenses that support our strategic growth strategy.

Depreciation and Amortization ($m)



Highlights

Slight reduction in Q2 2022 YOY

(1) Excluding share-based compensation

(2) Excluding (i) product costs increase due to global components shortage and (ii) bonus plan for non-sales employees that was introduced in Q3 2021, Q2 2022 Adjusted EBITDA improved to a positive $1.3M
Does not include OTI figures

Nayax

Mid-Term and Long-Term Outlook

- Looking ahead, we remain excited about our strong long-term growth drivers and the large market opportunities ahead of us.

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

Mid-Term Outlook	
Revenue	**Reaffirming** mid-term outlook of $220 million, driven by organic growth and strategic M&A.
Revenue Growth	**Reaffirming target of 35%** Main growth drivers: customer growth; market penetration and continued expansion of our platform.

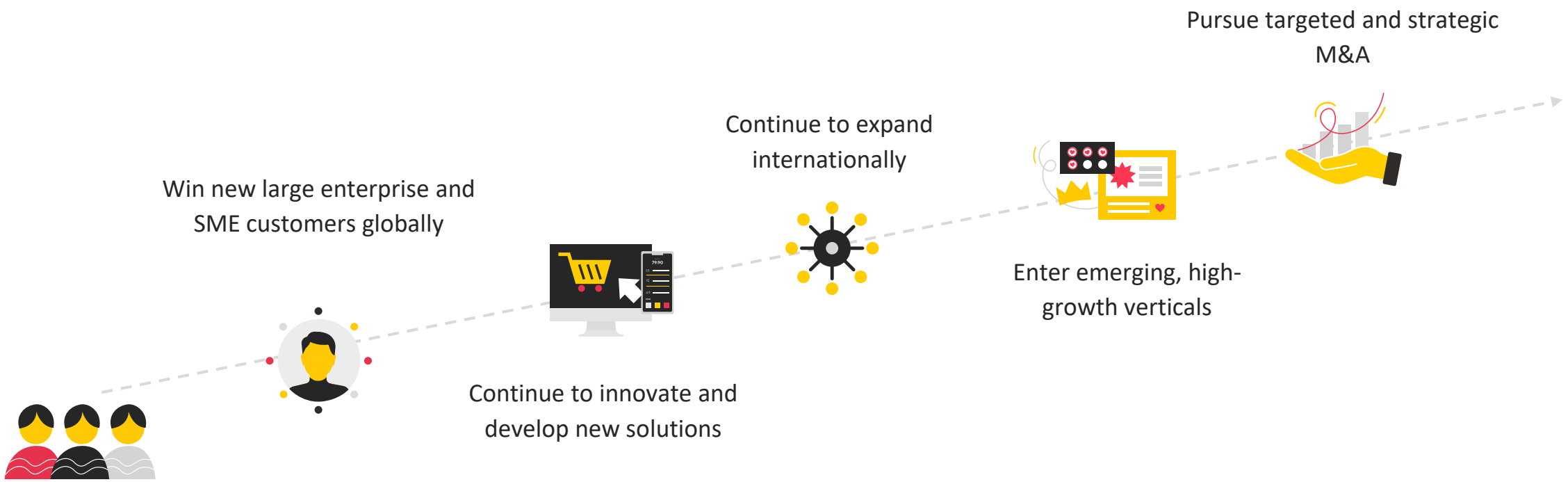
Long-Term Outlook	
Gross Margins	**Target of 50%** Main drivers: providing leasing options for IoT POS and growing SaaS revenue and payment processing fees
Adjusted EBITDA	Approximately 30%.

Guidance as of August 17, 2022. Any usage of slide on a subsequent date does not constitute guidance re-confirmation as of such subsequent date. Refer to Cautionary Statement for a discussion of factors that could cause actual results to differ materially from outlook. Mid-term defined as over the next 3-5 years.

Does not include OTI figures

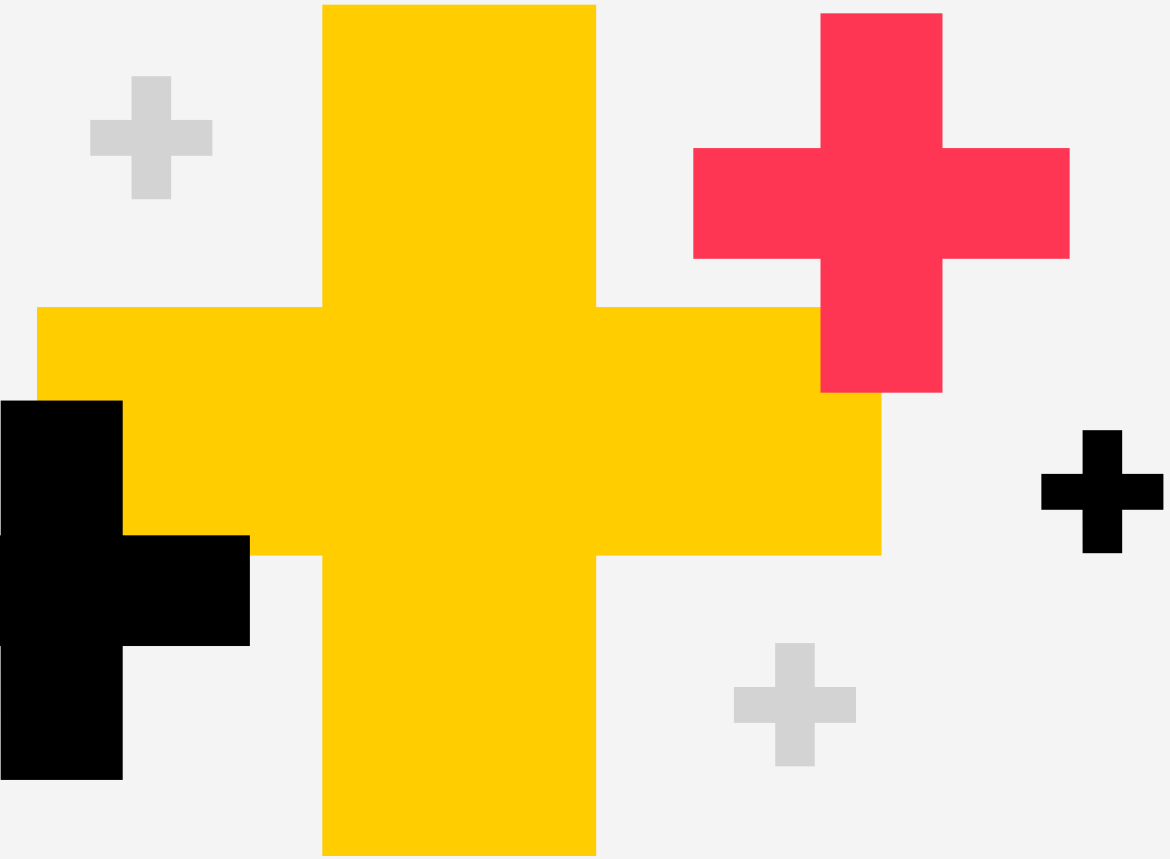
Strategy for Sustained Long-term Growth

Nayax continues to execute its strategic growth plan while remaining focused on balancing top line growth with a path to profitability



Summary

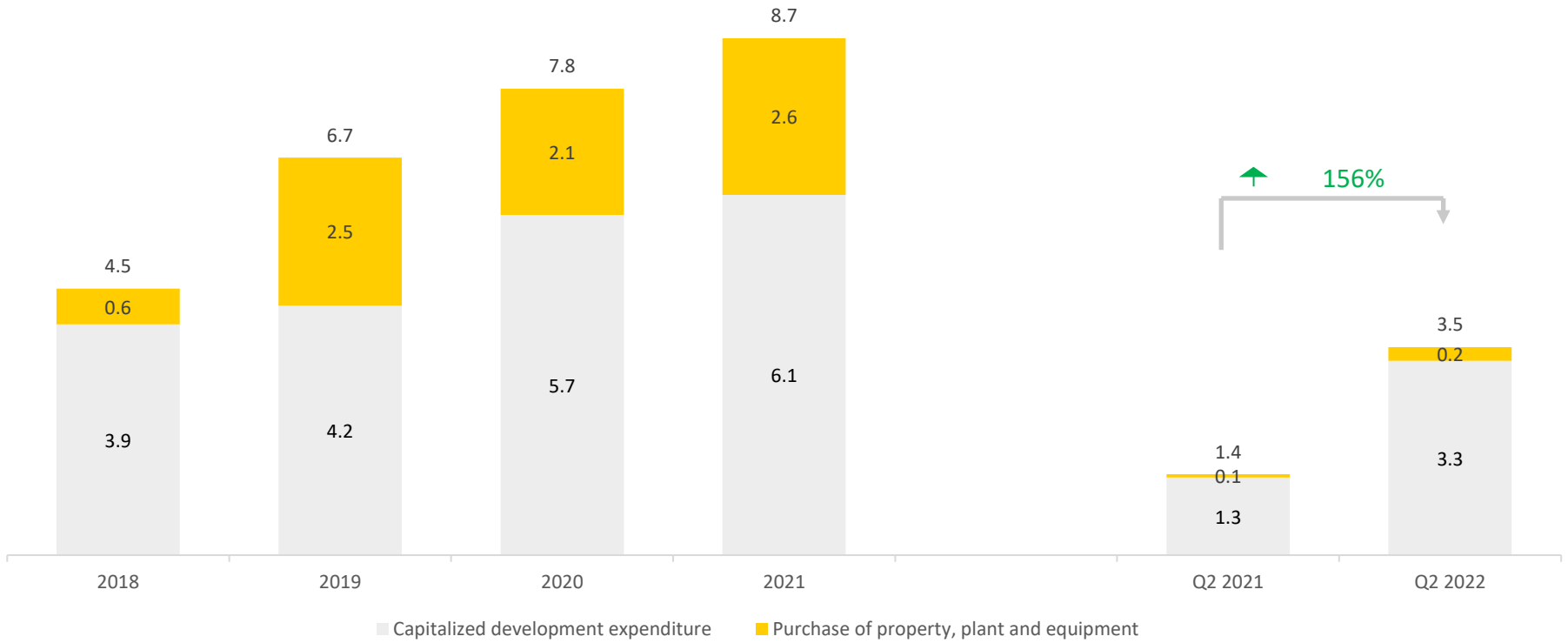
- Leading, best-in-class global payments platform for unattended commerce with a complete end-to-end solution.
- Highly talented team with focused execution on achieving strategic priorities.
- Large total addressable market driven by the strong secular tailwinds with multiple growth levers.
- Strong and consistent growth with high recurring revenues from SaaS and payment processing.
- Well capitalized with a clear path to profitability.
- Continue to balance top-line growth with focus on profitability.



Appendix

CAPEX growth due to additional capitalization

Capex ($m)



Highlights

156% Growth in Q2 2022 YoY

Increase primarily due to additional capitalized development expenditure

Does not include OTI figures

Nayax

IFRS to Non-IFRS (*)

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

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

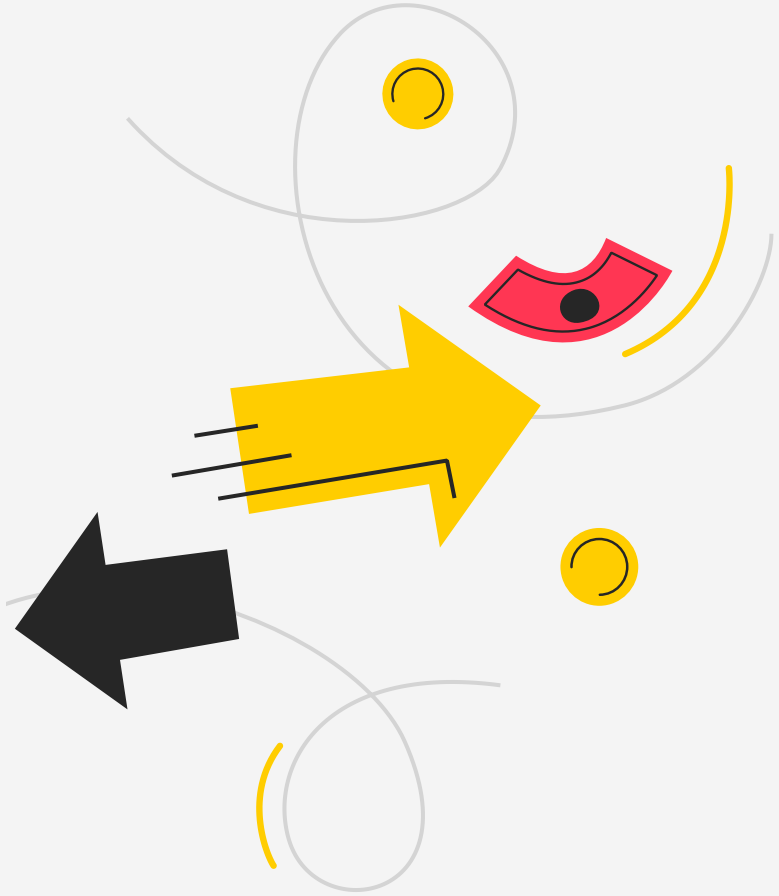
(1) Finance expenses reduced primarily due to foreign currencies exchange rate impact. (2) Equity method investee grew due to Tigapo increased cost from acquisition closed on July 2021

Does not include OTI figures

Key Definitions

- **Managed and Connected** – Devices that are operated by our customers.
- **End Customers** – Customers that contributed to Nayax revenue in the last 12 months.
- **Recurring Revenue** – SAAS revenue and payment processing fees.
- **Dollar-based net retention rate** - Measured as a percentage of revenue from returning customers in a given year as compared to the revenue from such customers in the prior year, which reflects the increase in revenue and the rate of losses from customer churn.
- **Revenue churn** - The percentage of revenue lost as a result of customers leaving our platform in the last 12 months.
- **Existing Customer Expansion** - Revenue generated within a given cohort over the years presented. Each cohort represents customers from whom we received revenue for the first time, in a given year.
- **Adjusted EBITDA** - Defined as net income (loss) before other income (expense), interest income (expense), foreign exchange gain (loss), income taxes, and depreciation and amortization, adjusted to exclude the effects of share-based compensation expense and certain nonrecurring expenses that management believes are not indicative of ongoing operations, consisting primarily of Equity method investee expenses and other indirect charges associated with our initial public offering.

Thank you!

IR Contact: ir@nayax.com

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