



Nayax

Annual Performance Bonus (APB) Plan 2021 Employee Brochure



CEO and HR Message

Dear Colleague,

As you may already know, this year we have decided to implement a bonus model for our employees – the Annual Performance Bonus (APB). This will be our annual bonus plan, not a one-time plan, as of 2021. In terms of organizational context, after defining our organizational values of OLAH (Own it, Listen, Act, Honesty) , which outline the way we work, and after implementing our 9-box performance model, outlining the way we measure performance – based on **what** we do and **how** we do it – we now implement the APB bonus, which is closely connected to both our 9-box performance model and organizational values. The APB plan is designed for non -sales and non-customer support employees. More information about the other two plans will follow.

The driving principle of the APB is to link between company business performance and individual contribution, rewarding employees for successful business and individual results. The APB is part of our total compensation package, which includes a competitive base salary, a variable remuneration element (performance bonus or sales incentive) and Long-Term Incentives (employee options plan). Another key driving principle is to align the APB with our business strategy and overall company business objectives – to maintain our annual compound growth rate above 30%, and 49% gross profit. These achievements will be reflected in our 2021 APB payout. This plan will come into effect as of July 1st. This is due to additional approvals we had to obtain, including board approval, now that we are a public company.

The key OKRs for the overall group for 2021 are:

- Sales target of \$111M
- Gross Profit \$54M



We have chosen these two key elements because our long-term growth of 30% represent increase in market share securing our position as market leaders, with 49% gross profit we are securing our long-term goal of growing free cash flow for our shareowners. This strategy has been already communicated to the whole group at the beginning of the year and should be incorporated in our team and individual OKRs. This communication coming late Q3 is due to the long process we had as a public company to set the policy in place according to the regulation, our OKRs were already set during the year and should be linked to the company goals. You can read more about the APB plan in the brochure.

Meeting our 2021 objectives is critical to deliver our business commitment to our customers and shareowners

We thank you for your continuous drive and dedication to our shared vision.

Yair Nechmad
CEO

Ella Shechtman
CHRO



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Model Philosophy

What does the bonus reward?

The APB bonus rewards contribution to our achievement. At Nayax we are committed to linking our company's business performance with our employee's individual annual performance bonus (APB), which represents a strong component of our total reward package.

The annual business results of Nayax are the foundation of the APB plan, across our global organization. Higher achievements will translate into higher APB budgets overall. These budgets are distributed across the organization. Within each available budget, line managers decide APB payouts for their team members, based on individual performance, which both the "What" we do (OKRs) and the "How" we do it (Behavioral Competencies). Nayax Employees rewarded for achievement of **Business Results** and delivering of **Individual Performance**.

We believe that this model strongly corresponds to our founder's mindset - to sustain long term success we need to leverage our start up thinking to scale up growth while managing increased complexity of our business. This means that each one of us needs to take ownership, be accountable and committed to our teams' and business - this is about our behaviors and attitudes outlined in our organizational values of OLAH. Specifically in terms of APB - each employee is part of Nayax's success and benefits from it. Each line manager is responsible for rewarding employees within the budget available and as per individual performance.



Who is eligible for APB?

General Conditions for Eligibility

Eligibility of employees for our global APB plan and their target APB rates are determined according to the level of responsibility within organization, as well as market practices. Eligibility of APB targets are reviewed annually.

Employee Eligibility for the 2021 APB Plan

To be eligible for the 2021 APB plan an employee must:

- Have at least 3 months tenure of active service in 2021
- Be on the payroll of Nayax or a subsidiary on December 31st 2021

What can impact your APB eligibility?

Event	Eligibility for 2021 APB plan
Transfers between geographies, departments, and jobs	Eligible. The APB target applied by default is based on the organization as of December 31st 2021. The manager should consider achievements for all positions during the year.
leave without pay, Leave of absence, maternity leave	Eligible. Manager considers the active service time during the year.
New hire	Eligible. The manager has to pro-rate the APB amount considering active service during the year. A minimum of 3 months active service during 2021 must be met.
Part time	Eligible. The amount is prorated based on the active working time.
Change in target incentive and / or annual salary	Eligible. Compensation as of December 31st 2021 are taken into consideration
Involuntary termination (dismissal) without cause	<u>During 2021:</u> Not eligible <u>After December 31st, 2021:</u> Eligible (for 2021 APB payout), depending on manager’s discretion and local practices
Involuntary termination (dismissal) with cause	Not eligible
Voluntary termination (resignation)	<u>During 2021:</u> Not eligible <u>After December 31st, 2021:</u> Eligible (for 2021 APB payout), depending on manager’s discretion and local practices

Plan Overview:

How do Nayax's annual business results impact my individual payout?

The general process is as follows:

1 At the beginning of the year and in alignment with Nayax's strategy, objectives for the year are set on a global level.

These objectives are based on:

- combination of Key Performance Indicators (KPIs)
- weightings for KPIs representing the importance of each indicator relative to others
- performance rates usually range from 0% to 130% and that will apply to achievements for each KPI

2 Early in 2022, achievements of business objectives set for 2021 are measured. They determine the performance scores (results of business achievements expressed in percentages)

3 The total APB budget is calculated based on the Nayax performance score and budget is allocated. In 2022 we will have one global performance score indicator for the overall organization, without differentiation per country.

- Budgets are calculated with the sum of employees' target incentives multiplied by the performance score
- The total of all organization budgets will have to be consistent with Nayax overall performance; if not they will be globally calibrated to ensure that the total envelope does not exceed our company performance.
- Within the limits of the available budget, managers propose APB payouts for each of their eligible team members based on their individual assessment.





APB Budget



Setting of global Nayax business OKRs and targets (Jan-21)



Determine business achievement and performance scores (Jan-22)



Calculate APB budget based on scores (Jan-22)



Allocation of budgets to managers

Individual Performance



Setting of individual OKRs and Behavioral Competencies (Jan-21)



Reviewing Individual Performance (Jan-22)



Assessing individual performance based on the WHAT and the HOW

Performance 9-Box Grid

	B+ Exceeds achievement of expected results, does not demonstrate appropriate behaviors	A+ Exceeds achievement of expected results and demonstrates expected behaviors	A++ Exceeds results in terms of results achievement and behavioral impact
The WHAT (OKRs) Achieved - 2	B Achieved expected results, but does not demonstrate expected behaviors	A Achieved expected results and demonstrates expected behaviors	A+ Achieved expected results with very high level of behavioral impact
Did not Achieve - 1	C Did not improve results, achievement and expected behaviors	B Did not achieve expected results, but through behaviors, meet expectations	B+ Did not achieve expected results, however, through high level of appropriate behaviors
	Under Achieved - 1	Achieved - 2	Overachieved - 3
	The HOW (Behaviors)		

Managers propose individual bonus amounts within the budget limits.
This occurs together with the merit proposals

How do Nayax annual business results impact APB budget?

Nayax Annual Results determine APB Budget

Our performance as a company is our ability to generate year over year sustainable growth in alignment with our strategic roadmap. It determines the total budget available for APB.

In 2021 the performance is measured against business objectives for:

OKR	Measuring...	Target	Weight
Sales turnover	Our growth	111M USD	50%
Gross Profit	Our profitability	54M USD	50%

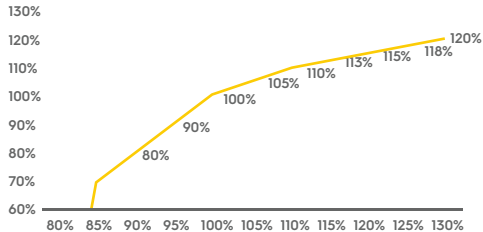
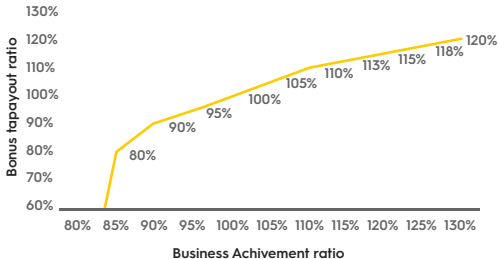
For each OKR the achieved results determine the applicable performance rate and payout curve

Sales Target Payout:

100-110%: Linear curve
 111% -129%: each additional 1% sales contribute 0.5% budget. Cut off line at 130% > bonus payout stays at 120%
 100%-90%: Linear curve
 89% -81% each decrease of 1% sales decreases 2% budget. Cut off line at 80% > bonus payout for this KPI will be 0%

Gross Profit: (gross profit impacts bonus more than sales)

100-110%: Linear curve
 111% -129%: each additional 1% sales contribute 0.5% budget. Cut off line at 130% > bonus budget stays at 120%
 100%-95%: Linear curve
 94% -81%: each decrease of 1% decreases 2% budget.
 Cut off line at 80% > bonus payout for this KPI will be 0%



How does my performance impact my APB payout? (1/2)

Your Performance Drives APB Payout

Assessing individual performance

Independently from the global business objectives and associated global OKRs used to measure the organization's achievements, individual and team objectives are established through the Performance Management Process. It reinforces the accountability each employee has for achieving results (OKRs representing the "WHAT"), as well as demonstrating professional behaviors (our behavioral competencies representing the "HOW"). These goals must be discussed and agreed upon between each employee and his or her manager at the beginning of the year. They must be documented in writing and assessed using the Performance Management process (9-Box position). When looking at individual achievements, a manager needs to address two dimensions, which are to be assessed with equal importance:

- The achievement of individual OKRs: the What"
- The professional behaviors demonstrated when delivering these results: the "How"

The WHAT Achievement of Objectives

- Individual and team OKRs are set in the beginning of the year by manager and employee and reviewed each quarter (at least)
- To be assessed they must be measured against key results and targets achieved

The HOW The way an employee delivers

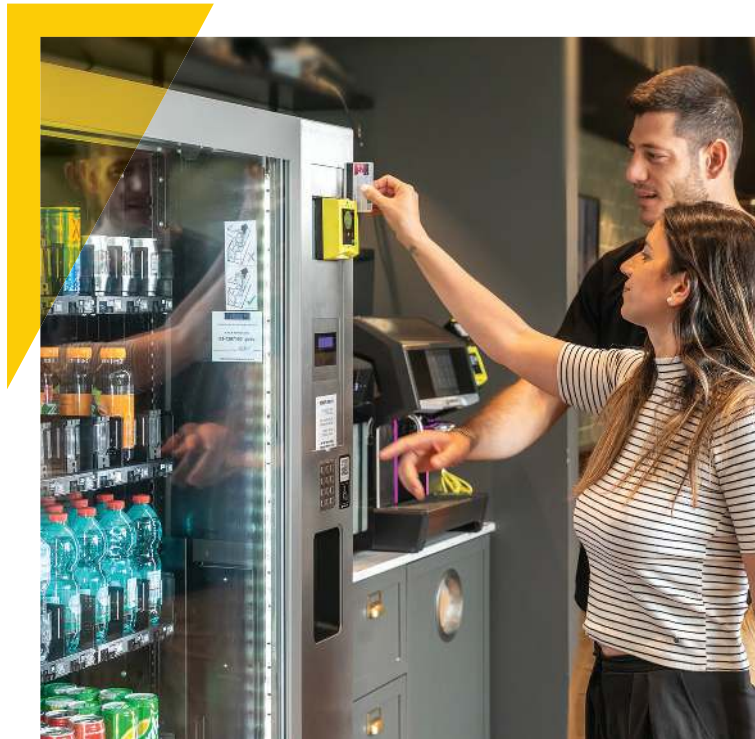
- Our competencies model provides a common language and framework for expected behaviours across the organization
- The competencies are:
 - Strive for results
 - Embrace Change
 - Focus on Customer
 - Act with Integrity
 - Learn and Develop,
 - Work as a Team
- To make it clear and measurable for the assessment at the end of the year the manager and employee have to discuss how the behaviors are demonstrated in their day to day work.

How does my performance impact my APB Payout? (2/2)

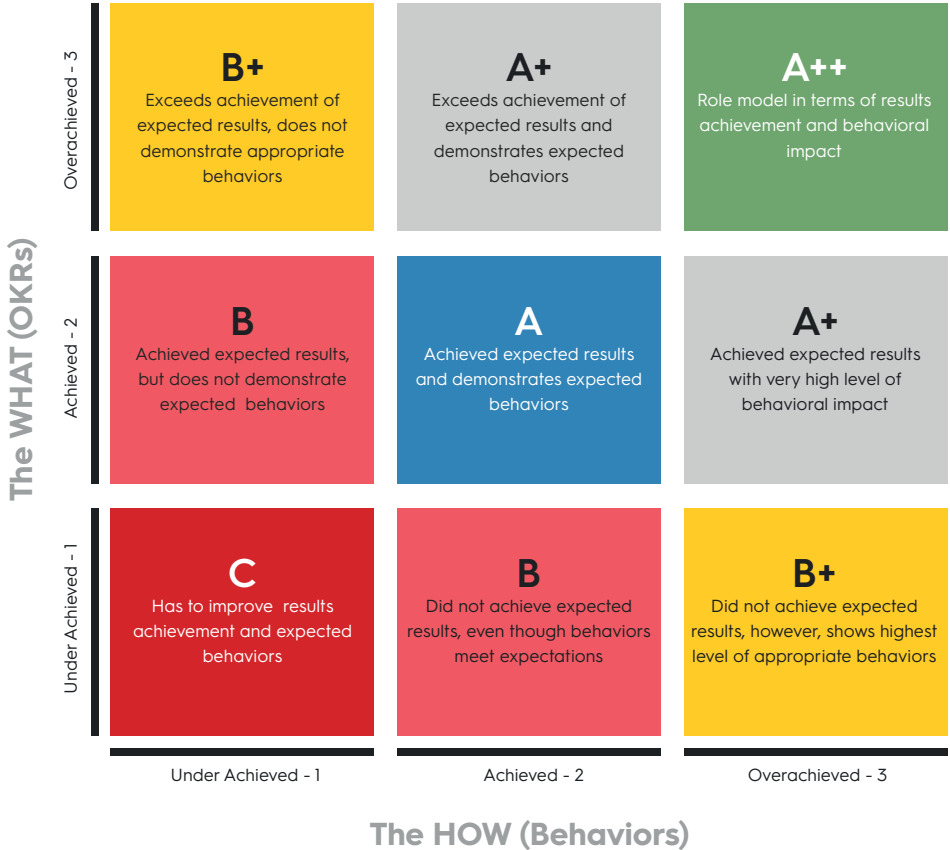
Differentiating Reward Based on Individual Performance

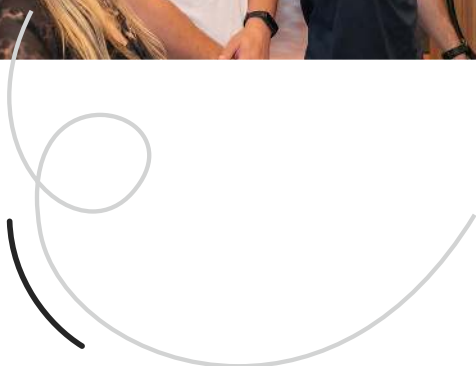
Measuring individual performance is key to determining each eligible employee's individual reward. At year end, as part of the Performance Management process, each manager will review with the employee the achievements against the priorities set and the competencies prioritized at the beginning of the year or quarter.

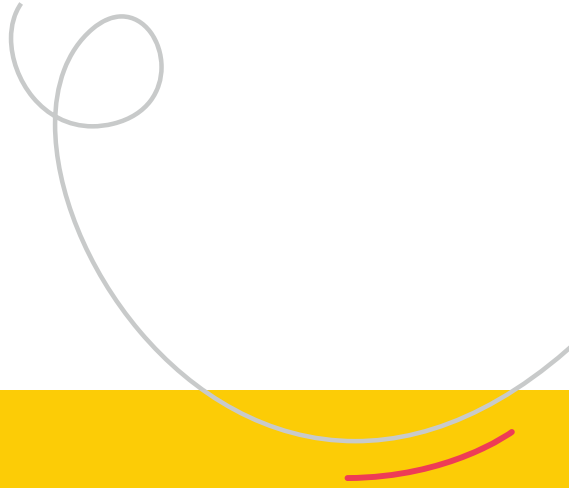
The line manager is accountable for the assessment process. He/she must take into consideration the evaluation of the dotted-line manager as appropriate. The final assessment of the line manager is summarized through an overall rating on the "WHAT" and the "HOW" on a three-level scale which determines the employee's position on the 9-Box grid as described below. The sum of the individual APB proposals within each organization cannot exceed its budget.



Performance 9-Box Grid







Nayax