

Nayax Reports Second Quarter 2021 Financial Results: Quarterly Revenue Grew 121% to \$31 million

USA - English ▾



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Nayax →

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HERZLIYA, Israel, August 23, 2021 /PRNewswire/ -- **Nayax Ltd.** (TASE: NYAX), a global commerce enablement and payments platform designed to help merchants scale their business, today announced its financial results for the second quarter of 2021.

"As governments around the world eased restrictions related to the COVID-19 pandemic, we saw a surge in consumers' preference to pay with cashless payments and continued to scale our marketing and sales efforts to help merchants grow their business with our complete merchant platform. These efforts led to a robust quarter with revenue increasing 121% year over year, reaching \$31 million," commented Yair Nechmad, Nayax's CEO and Chairman of the Board.

"Following the successful public offering and debut on the TASE in May 2021, Nayax's second quarter performance reflects our ability to maintain a healthy growth rate as the economy rebounds to the "new normal". We finalized the acquisition of Weezmo, a start-up company in the field of interactive, customizable receipts, which is another step for extending and enhancing our consumer engagement and omni-channel platform" concluded Nechmad.

Second Quarter Financial Highlights

Total revenue was \$31 million, an increase of 121% over Q2 2020.



Managed and connected devices grew 40% year over year for the quarter to more than 432,000.

Quarterly gross transaction value grew 160% from the same quarter last year to \$344 million

Recurring revenue from monthly SAAS and processing fees grew more than 100% over Q2 2020, reflecting a share of total revenue of 56% in the current quarter.

Gross margin was 43%, representing strong sales this quarter of new POS devices, the enablers of future service and processing revenues. Gross profit reached \$13.3 million, an increase of 85% over Q2 2020.

Operational expenses, including research and development, share-based compensation expenses, depreciation, amortization and excluding IPO-related expenses, amounted to \$15.8 million, an increase of 95% over Q2 2020. This is the result of our growth strategy to increase sales, marketing, R&D staff and enhance overall global infrastructure.

Operating loss was \$4.1 million, compared to an operating loss of \$1 million in Q2 2020.

Adjusted EBITDA was \$1.4 million, an increase of 75% over Q2 2020.

Net loss for the second quarter of 2021 was \$5.9 million, or \$0.019 per diluted share, compared to a net loss of \$1.5 million, or \$0.006 per diluted shares for the second quarter of 2020.

As of June 30th, 2021, Nayax had \$113 million in cash and cash equivalents.

GAAP Results (\$M)			
Revenue Breakdown	Q2 2021	Q2 2020	Change (%)
SAAS & Payment Processing	17.2	8.6	100%
POS Devices	13.8	5.4	156%
Total Revenue	31.0	14.0	121%

Nayax generates revenues from the sale of IoT POS devices, SAAS and processing fees. The Company provides processing and business operations solutions and services via a global platform. This quarter the Company saw a strong demand for POS devices in all territories. Sales of POS devices constituted 44.5% of total revenue this quarter, compared to 38.6% in the

same quarter last year. This growth relates, to some extent, to the market returning to post pandemic normalcy. The revenue mix, including a higher portion of POS devices this quarter, impacted the Company's overall gross margin.

Second Quarter Business Highlights

Total number of managed and connected devices for the quarter reached 432,000, an increase of 40% over the number of managed and connected devices in Q2 2020 and representing an increase of 30,000 new managed and connected devices compared to the previous quarter.

Operational expenses amounted to \$8.7 million, excluding share-based compensation expenses. Research and development expenses were \$4.2 million, excluding share-based compensation expenses. These expenses increased 66% and 143%, respectively, compared to the same quarter last year. This represents our continuing investment in innovation and global recruitment expansion.

We continue to expand our worldwide presence through a proven partnership strategy, growing within our customer base, capturing new market share, expanding to new verticals, and launching strategic marketing initiatives.

Second Quarter Key Performance Indicators

Key Performance Indicators	Q2 2021	Q2 2020	Change (%)
Total Transaction Value (\$m)	344	132	160%
Number of Transactions (millions)	186	83	124%
Take Rate % (Payments) (*)	2.57%	2.48%	3.63%
Managed and Connected devices	432,000	308,000	40%

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

Outlook

We expect that unattended retail will benefit from increased adoption, tied with an accelerated shift in consumer behavior towards digital payments.



We will continue to pursue marketing and sales initiatives in new markets to support company growth through global diversification. Consumer behavior is expected to change as the world adapts to a new reality and learns how to live with the pandemic or similar threats, leading to increased cashless payments and subscriptions to our services by retailers.

The environment for cashless payment solutions has been directly correlated with companies' digital transformations and is imperative for adopting other technologies still in development. Annual revenue is expected to reach over \$200 million in the mid – to – long term, fueled by organic growth and strategic M&A. An accelerated growth rate of 30% in the medium term will also be supported by customer growth, market penetration, and continued expansion of our platform. Gross margin in the long run is expected to reach 50% through a combination of providing leasing options for IoT POS, while increasing the share of SAAS and processing payments out of total revenue. Furthermore, we expect that the combination of increased operational efficiency with growing total revenue will result in the long-term EBITDA margin stabilizing around 30%.

An English translation of the full financial statements can be found on our web site: <https://ir.nayax.com/>

Conference Call & Webcast Information

Nayax will host a conference call to discuss its financial results for the second quarter of 2021, today, Monday, August 23, 2021, at 8:30 a.m. Eastern Time.

Yair Nechmad, Chief Executive Officer and Sagit Manor, Chief Financial Officer will review the Company's second quarter 2021 financial results. To attend the conference call, please dial one of the following teleconferencing numbers. Please begin by placing your call at least five minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

U.S. TOLL-FREE: 1-866-777-2509

ISRAEL TOLL-FREE: 1-80-9212373

INTERNATIONAL: 1-412-317-5413

WEBCAST LINK:

<https://services.choruscall.com/mediaframe/webcast.html?webcastid=ge9Ube3b>



The Company encourages participants to **pre-register for the conference call using the following link: <https://dpreregister.com/sreg/10158266/ea98f08302>**. Callers will receive a unique dial-in upon registration, which enables immediate access on the day of the call. Participants may pre-register at any time, including up to and after the call start time. The conference call will also be available via live webcast from a link on Nayax's Investor Relations website.

A replay of the conference call will be available from August 24, 2021, to September 6, 2021. To access the replay, please dial one of the following numbers:

Replay TOLL-FREE: 1-877-344-7529

Replay TOLL/INTERNATIONAL: 1-412-317-0088

Replay Pin Number: 10158266

About Nayax

Nayax is a global commerce enablement and payment platform designed to help merchants scale their business. Nayax offers a complete solution, including localized cashless payment acceptance, a management suite, and consumer engagement tools, enabling merchants to conduct commerce anywhere, at any time. Founded in the unattended retail industry, Nayax has transformed into a comprehensive solution focused on our customers' growth across all channels globally. Today, Nayax has 10 global offices, over 400 employees, connections to more than 80 merchant and payment method integration and is a recognized payment facilitator worldwide. Nayax's mission is to improve our customers' revenue potential and operational efficiency.

Visit www.nayax.com for more information.

The securities referred to in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state of the United States, and may not be offered, sold, resold or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In the United States, any offer of the ordinary shares will be made only to "qualified institutional buyers" as defined in and in reliance on Rule 144A under the Securities Act or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Outside the United States, any offer will be made in accordance with Regulation S of the Securities Act.

Forward looking statement

The information included in this press release contains, or may be deemed to contain, forward-looking statements (as defined in the U.S. Private Securities Litigation Reform Act of 1995 and the Israeli Securities Law, 1968). Said forward-looking statements, relating to the initial public offering, are subject to uncertainties and assumptions and the actual results may materially differ. All forward-looking statements in this press release are based on information available to Nayax on the date hereof. All written or oral forward-looking statements attributable to Nayax are expressly qualified in their entirety by the factors referred to above. Nayax does not intend to update these forward-looking statements.

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NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		June 30		December 31
		2021	2020	2020
		(Unaudited)		(Audited)
	Note	U.S. dollars in thousands		
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents		113,050	7,029	8,195
Restricted cash transferable to customers for processing activity		23,050	9,231	18,166
Short-term bank deposits		99	22	87
Receivables for processing activity		14,812	9,622	7,213
Accounts receivable:				
Trade, net		16,678	8,214	13,840
Others		2,003	1,954	1,976
Inventories		5,133	5,524	5,041
Total current assets		174,825	41,596	54,518
NON-CURRENT ASSETS:				
Long-term bank deposits		817	663	798
Long-term receivables	5b, 5c	880	-	-
Investment in associate	5b	2,092	-	-
Property, plant and equipment, net		4,805	3,693	5,047
Right-of-use assets, net		5,803	3,940	4,761
Goodwill and intangible assets, net		36,450	24,511	27,388
Deferred income tax		202	135	241
Total non-current assets		51,049	32,942	38,235
TOTAL ASSETS		225,874	74,538	92,753

	Note	June 30		December 31
		2021	2020	2020
		(Unaudited)		(Audited)
		U.S. dollars in thousands		
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Short-term bank borrowings		3	5,842	11,589
Short-term bank loans and current maturities of				
long-term bank loans		2,355	1,250	1,938
Current maturities of loans from others		3,154	1,780	3,041
Current maturities of other long-term liabilities		756	524	686
Current maturities of leases liabilities		1,269	1,241	1,320
Payables in respect of processing activity		46,202	19,968	27,181
Liabilities in connection with acquisition of investees	5a	871	-	-
Accounts payable:				
Trade		8,767	6,404	10,998
Other		7,364	3,948	5,498
Total current liabilities		70,741	40,957	62,251
NON-CURRENT LIABILITIES:				
Long-term bank loans		3,701	6,008	5,391
Long-term loans from others		1,694	3,986	2,662
Long-term loans from shareholders		-	592	-
Retirement benefit obligation, net		943	614	894
Other long-term liabilities		1,736	3,393	3,374
Lease liabilities		5,835	4,078	5,154
Deferred income tax		1,187	569	526
Total non-current liabilities		15,096	19,240	18,001
TOTAL LIABILITIES		85,837	60,197	80,252
EQUITY:				
Equity attributed to parent company's shareholders:				
Share capital		8	7	7
Share premium		149,383	16,689	16,689
Put option to purchase subsidiary's shares		-	(493)	-
Capital reserves		9,241	9,572	9,238
Accumulated deficit		(18,595)	(12,579)	(13,433)
Total equity attributed to shareholders of the company		140,037	13,196	12,501
Non-controlling interest		-	1,145	-
TOTAL EQUITY		140,037	14,341	12,501
TOTAL LIABILITIES AND EQUITY		225,874	74,538	92,753

NAYAX LTD.
CONDENSED CONSOLIDATED STATEMENT OF INCOME

		Six months ended		Three months ended		Year ended
		June 30		June 30		December
		2021	2020	2021	2020	31
		(Unaudited)				(Audited)
		U.S. dollars in thousands				
	Note	(excluding loss per share data)				
Revenues	4	53,775	32,099	31,001	13,997	78,783
Cost of revenues		(29,953)	(16,259)	(17,680)	(6,818)	(41,603)
Gross Profit		<u>23,822</u>	<u>15,840</u>	<u>13,321</u>	<u>7,179</u>	<u>37,180</u>
Research and development expenses		(8,022)	(4,012)	(4,722)	(1,784)	(9,300)
Selling, general and administrative expenses		(18,619)	(12,056)	(10,303)	(5,435)	(26,545)
Amortization in respect of capitalized development costs and technology		(1,698)	(1,824)	(820)	(923)	(3,559)
Other expenses, net	10	(1,706)	0	(1,545)	0	0
Share in losses of associate company	5b	(57)	0	(57)	0	0
Loss from ordinary operations		<u>(6,280)</u>	<u>(2,052)</u>	<u>(4,126)</u>	<u>(963)</u>	<u>(2,224)</u>
Finance expenses		(2,550)	(1,303)	(1,626)	(926)	(4,277)
Finance income		840	537	0	389	403
Loss before taxes on income		<u>(7,990)</u>	<u>(2,818)</u>	<u>(5,752)</u>	<u>(1,500)</u>	<u>(6,098)</u>
Tax benefit		(52)	45	(108)	30	15
Loss for the period		<u>(8,042)</u>	<u>(2,773)</u>	<u>(5,860)</u>	<u>(1,470)</u>	<u>(6,083)</u>
Attribution of loss for the period:						
To shareholders of the Company		(8,036)	(2,903)	(5,860)	(1,586)	(6,254)
To non-controlling interests		(6)	130	0	116	171
Total		<u>(8,042)</u>	<u>(2,773)</u>	<u>(5,860)</u>	<u>(1,470)</u>	<u>(6,083)</u>
Loss per share attributed to shareholders of the Company:						
Basic and diluted loss		<u>(0.0291)</u>	<u>(0.0117)</u>	<u>(0.0192)</u>	<u>(0.0064)</u>	<u>(0.0252)</u>

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	Six months ended		Three months ended		Year ended
	June 30		June 30		December 31
	2021	2020	2021	2020	2020
	(Unaudited)				(Audited)
	U.S. dollars in thousands				
Loss for the period	(8,042)	(2,773)	(5,860)	(1,470)	(6,083)
Other comprehensive income (loss) for the period:					
Items that will not be recycled to profit or loss:					
Loss from remeasurement of liabilities (net) for retirement benefit obligations	-	-	-	-	(126)
Items that may be recycled to profit or loss:					
Gain (loss) from translation of financial statements of foreign activities	(240)	95	144	79	243
Total comprehensive loss for the period	(8,282)	(2,678)	(5,716)	(1,391)	(5,966)
Attribution of total comprehensive loss for the period:					
To shareholders of the Company	(8,212)	(2,808)	(5,716)	(1,507)	(6,137)
To non-controlling interests	(70)	130	-	116	171
Total comprehensive loss for the period	(8,282)	(2,678)	(5,716)	(1,391)	(5,966)

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributed to shareholders of the Company						Capital reserves from gains and losses on translation of financial statements
	Share capital	Share premium	Defined benefit plans	Reserve from transactions with controlling shareholders	Reserve from transactions with non-controlling interests	Call option to purchase shares of subsidiary	
	U.S. dollars in thousands						
Balance at January 1, 2021 (audited)	7	16,689	(329)	10,085	(761)	-	2
Changes in the six months ended June 30, 2021 (unaudited):							
Income (loss) for the period	-	-	-	-	-	-	
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(1)
Non-controlling interests from business combination (See note 5a)	-	-	-	-	-	-	
IPO (See note 10)	1	132,559	-	-	-	-	
Transactions with non-controlling interests (See note 5a)	-	-	-	205	-	-	
Business combination under common control (see note 5d)	-	-	-	(26)	-	-	
Options exercised	-	135	-	-	-	-	
Share-based payment	-	-	-	-	-	-	
Balance at June 30, 2021 (unaudited)	<u>8</u>	<u>149,383</u>	<u>(329)</u>	<u>10,264</u>	<u>(761)</u>	<u>-</u>	
Balance at January 1, 2020 (audited)	7	16,689	(203)	10,085	(405)	(493)	
Changes in the six months ended June 30, 2020 (unaudited):							
Income (loss) for the period	-	-	-	-	-	-	
Other comprehensive income (loss) for the period	-	-	-	-	-	-	
Share-based payment	-	-	-	-	-	-	
Balance at June 30, 2020 (unaudited)	<u>7</u>	<u>16,689</u>	<u>(203)</u>	<u>10,085</u>	<u>(405)</u>	<u>(493)</u>	



NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont)

Equity attributed to shareholders of the Company						
Share capital	Share premium	Defined benefit plans	Reserve from transactions with controlling shareholders	Reserve from transactions with non-controlling interests	Call option to purchase shares of subsidiary	Call option to purchase shares of subsidiary
U.S. dollars in thousands						
Balance at April 1, 2021 (unaudited)	7	16,689	(329)	10,085	(761)	-
Changes in the three months ended June 30, 2021 (unaudited):						
Income (loss) for the period	-	-	-	-	-	-
Other comprehensive income (loss) for the period	-	-	-	-	-	-
IPO (See note 10)	1	132,559	-	-	-	-
Transactions with non-controlling interests (See note 5a)	-	-	-	205	-	-
Business combination under common control (see note 5d)	-	-	-	(26)	-	-
Options exercised	-	135	-	-	-	-
Share-based payment	-	-	-	-	-	-
Balance at June 30, 2021 (unaudited)	8	149,383	(329)	10,264	(761)	-
Balance at April 1, 2020 (unaudited)	7	16,689	(203)	10,085	(405)	(493)
Changes in the three months ended June 30, 2020 (unaudited):						
Income (loss) for the period	-	-	-	-	-	-
Other comprehensive income (loss) for the period	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-
Balance at June 30, 2020 (unaudited)	7	16,689	(203)	10,085	(405)	(493)



NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont)

	Equity attributed to shareholders of the Company						
	Share capital	Share premium	Defined benefit plans	Reserve from transactions with controlling shareholders	Reserve from transactions with non-controlling interests	Call option to purchase shares of subsidiary	Capital reserve from other financial instruments
	U.S. dollars in thousands						
Balance at January 1, 2020 (audited)	7	16,689	(203)	10,085	(405)	(493)	
Changes in 2020 (audited):							
Income (loss) for the period	-	-	-	-	-	-	
Other comprehensive income (loss) for the period	-	-	(126)	-	-	-	
Transactions with non-controlling interests	-	-	-	-	(356)	493	
Share-based payment	-	-	-	-	-	-	
Balance at December 31, 2020 (audited)	7	16,689	(329)	10,085	(761)	-	

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Six months ended		Three months ended		Year ended
	June 30		June 30		December 31
	2021	2020	2021	2020	2020
	(Unaudited)		(Audited)		
	U.S. dollars in thousands				
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net loss for the period	(8,042)	(2,773)	(5,860)	(1,470)	(6,083)
Adjustments required to reflect the cash flow from operating activities (see Appendix A)	8,878	3,546	2,951	2,526	12,571
Net cash provided by (used in) operating activities	836	773	(2,909)	1,056	6,488
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capitalized development costs	(3,038)	(2,494)	(1,307)	(1,290)	(5,731)
Acquisition of property, plant and equipment	(582)	(718)	(59)	(160)	(2,125)
Loans extended to others	-	(43)	-	(17)	(141)
Investments in associates (see note 5b)	(2,449)	-	(2,149)	-	-
Loans repaid by shareholders	61	848	179	-	786
Increase in bank deposits	(31)	(211)	(26)	(211)	(411)
Purchase of subsidiary net of purchased cash (notes 5a and 5d)	418	(686)	316	-	(686)
Repayment of liability to pay deferred consideration in respect to business combinations (notes 5a and 5e)	(7,209)	(290)	(7,209)	(290)	(580)
Interest received	2	9	1	4	14
Investments in financial assets (see note 5c)	(221)	-	(221)	-	-
Proceeds from sub-lessee	158	143	80	74	302
Net cash used in investing activities	(12,891)	(3,442)	(10,395)	(1,890)	(8,572)
CASH FLOWS FROM FINANCING ACTIVITIES:					
IPO (note 10)	132,560	-	132,560	-	-
Interest paid	(450)	(526)	(184)	(244)	(1,065)
Short-term bank credit received (repayment), net	(11,393)	(2,013)	(11,731)	(3,807)	2,976
Support received (royalties paid) in respect to government assistance plans	(199)	-	(144)	-	16
Transactions with non-controlling interests (see note 5a)	(512)	-	(512)	-	(1,049)
Long-term bank loans received	-	4,735	-	4,735	4,734
Repayment of long-term bank loans	(1,266)	(435)	(852)	(180)	(1,003)
Long-term loans received from others	-	3,804	-	353	3,804
Repayment of long-term loans from others	(725)	(484)	(279)	(484)	(920)
Loans received from shareholders	8,900	592	3,500	322	-
Repayment of loans from shareholders	(8,900)	-	(8,900)	-	-
Decrease in other long-term liabilities	(145)	(88)	(73)	(45)	(280)
Options exercised	135	-	135	-	-
Repayment of lease liability principal	(727)	(544)	(410)	(290)	(1,167)
Net cash provided by financing activities	117,278	5,041	113,110	360	6,046
Increase (decrease) in cash and cash equivalents	105,223	2,372	99,806	(474)	3,962
Balance of cash and cash equivalents at Beginning of period	8,195	4,412	13,291	7,043	4,412

Gains (losses) from exchange differences on cash and cash equivalents	(105)	243	210	465	(222)
Gains (losses) from translation of cash and cash equivalents of foreign activity	(263)	2	(257)	(5)	43
Balance of cash and cash equivalents at end of period	<u>113,050</u>	<u>7,029</u>	<u>113,050</u>	<u>7,029</u>	<u>8,195</u>

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Six months ended June 30		Three months ended June 30		Year ended December 31
		2021	2020	2020
2021	2020	2021	2020	2020
(Unaudited)				(Audited)

U.S. dollars in thousands

Appendix A – adjustments required to reflect the cash flows from operating activities:

Adjustments in respect of:

Depreciation and amortization	3,433	2,920	1,761	1,487	5,908
Retirement benefit obligation, net	49	(48)	55	(5)	106
Income taxes	(84)	(59)	(10)	(32)	(230)
Financing expenses (income), net	734	(45)	604	158	3,428
Expenses in respect of long-term employee benefits	107	161	61	89	5
Share in losses of associate company	57	-	57	-	-
Expenses in respect of share-based payment	2,565	1,035	2,192	270	2,965
Total adjustments	6,861	3,964	4,720	1,967	12,182

Changes in operating asset and liability items:

Decrease (increase) in restricted cash in respect of processing activity	(4,884)	(2,995)	(7,635)	454	(11,930)
Decrease (increase) in receivables from processing activity	(5,846)	2,595	(4,489)	(3,010)	5,003
Decrease (increase) in trade receivables	(1,980)	1,670	(3,084)	2,282	(3,894)
Decrease (increase) in other receivables	(206)	413	(838)	(313)	(389)
Increase in inventory	(83)	(1,005)	(519)	(1,112)	(511)
Increase (decrease) in payables for processing activity	17,213	(11)	14,770	2,689	7,203
Increase (decrease) in trade payables	(3,847)	(1,310)	(1,189)	(729)	3,154
Increase in other payables	1,650	225	1,215	298	1,753
Total changes in operating asset and liability items	2,017	(418)	(1,769)	559	389
Total adjustments required to reflect the cash flow from operating activities	8,878	3,546	2,951	2,526	12,571

Six months ended June 30		Three months ended June 30		Year ended December 31
		2021	2020	2020
2021	2020	2021	2020	2020
(Unaudited)				(Audited)

U.S. dollars in thousands

Purchase of property, plant and equipment on credit	-	-	-	-	575
Acquisition of patents against offset of loan	-	-	-	-	806
Recognition of right-of-use asset in respect of lease of buildings against a lease liability	1,543	-	1,469	-	1,235
Capitalized development costs	726	315	229	91	883

