

Nayax Reports Third Quarter 2021 Financial Results:

Revenue Grew 40% to \$31M

HERZLIYA, Israel, November 18, 2021 -- 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 third quarter of 2021.

“Recent major achievements in key markets helped further solidify our position as a global leading payment platform. Our product portfolio provides end-to-end solutions, which continues to be a powerful growth engine and an instrumental factor in establishing a high net retention rate of more than 140%. Valuing each customer as a long-term partner creates significant room for growth,” commented Yair Nechmad, Nayax’s Chief Executive Officer and Chairman of the Board.

“Our continued focus on covering a diverse range of verticals and geographies led to a 40% year-over-year increase in revenue, to \$31 million this quarter. As global trends continue to provide a strong tailwind supporting the growth of the unattended market, recurring revenue from SaaS and processing grew an impressive 65% year over year, reaching \$19.6 million. Despite component pricing increases due to global supply-chain challenges, we have made a strategic decision to keep Nayax’s product prices intact. We believe that our commitment to our customers’ growth, supported by our strong balance sheet, will expedite our long-term expansion plans even if our devices’ gross margin is impacted in the short term,” Nechmad concluded.

Third Quarter Financial Highlights

Total revenue was \$31 million, an increase of 40% over Q3 2020.

Managed and connected devices grew 38% year over year for the quarter to more than 461,000.

Quarterly transaction value grew 84% from the same quarter last year to \$407 million.

Recurring revenue from monthly SaaS and processing fees grew more than 65% over Q3 2020, reflecting a total revenue share of 64% in the current quarter.

Gross margin was 40%, reflecting continued strong margins from recurring revenue offset by lower margins on POS devices as a result of global component shortages. Gross profit reached \$12.3 million, an increase of 18% over Q3 2020.

Operational expenses, including research and development, share-based compensation expenses, depreciation and amortization, and excluding IPO-related expenses, amounted to \$18.6 million, an increase of 81% over Q3 2020. This is the result of our growth strategy to increase sales, marketing, R&D staff and enhance overall global infrastructure.

Operating loss was \$6.4 million, compared to an operating gain of \$0.2 million in Q3 2020.

Adjusted EBITDA was (\$1.6) million, a reduction of 171% over Q3 2020 due to higher cost of goods sold and an increase in headcount, reflecting a continued investment in our customer base and in human capital. On a like-for-like basis, however, excluding a bonus for non-sales employees that was introduced this quarter and product cost increase, that number is reduced to \$0.5 million.

Net loss for the third quarter of 2021 was \$6.7 million, or \$0.021 per diluted share, compared to a net loss of \$0.2 million, or \$0.001 per diluted shares for the third quarter of 2020.

As of September 30, 2021, Nayax had \$104 million in cash and cash equivalents.

GAAP Results (\$M)			
Revenue Breakdown	Q3 2021	Q3 2020	Change (%)
Recurring - SaaS & Payment Processing	19.6	11.9	65.4%
POS Devices	11.3	10.2	10.6%
Total Revenue	30.9	22.1	40.1%

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 gained significant growth in its recurring revenue from SaaS and payment processing, reflecting a share of 64% of total revenue. This rise in repeat revenue from SaaS and payment processing represents growth from our existing and new customer base generating larger transactions and volume.

Third Quarter Business Highlights

Total number of managed and connected devices for the quarter reached 461,000, representing a growing customer demand and market expansion, an increase of 29,000 or 38% over the number of managed and connected devices in Q3 2020.

Operational expenses amounted to \$9.8 million, excluding share-based compensation expenses. Research and development expenses were \$4.9 million, excluding share-based compensation expenses. These expenses increased 60% and 95%, 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 our customer base, capturing new market share, expanding to new verticals and launching strategic marketing initiatives.

Third Quarter Key Performance Indicators

Key Performance Indicators	Q3 2021	Q3 2020	Change (%)
Total Transaction Value (\$m)	407	222	83.8%
Number of Transactions (millions)	218	126	73.2%
Take Rate % (Payments) (*)	2.61%	2.34%	11.6%
Managed and Connected devices	461,096	334,557	37.7%

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

Outlook

Sales from unattended retail are poised to continue growing, as we expect increased adoption in this space. Consumers are steadily transitioning to cashless alternatives, which accelerates enterprise adoption of digital payment platforms

Our product portfolio and marketing initiatives will continue to drive, develop and support our sales strategy. Established key markets will receive more focused product rollouts. We will continue to monitor this type of progress and duplicate successful aspects into future launches.

Annual revenue is on track to reach over \$200 million in the midterm, fueled by organic growth and strategic M&A. The accelerated growth rate target is 30% in the medium term, with customer growth, market penetration and continued expansion of our platform serving as the main growth drivers. Gross margin in the long run is expected to reach 50% by providing leasing options for IoT POS and by growing the SaaS and payment processing revenue segments. Lastly, our long-term EBITDA margin guidance is set 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 third quarter of 2021, today, Thursday, November 18, 2021, at 8:30 a.m. Eastern Time.

Yair Nechmad, Chief Executive Officer, and Sagit Manor, Chief Financial Officer, will review the Company's third 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=fyA31BOI>

The Company encourages participants to **pre-register for the conference call using the following link** <https://dpreregister.com/sreg/10161100/ee83b0cd8c>. 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 November 19, 2021, to December 2, 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: 10161100

Link: <https://services.choruscall.com/ccforms/replay.html>

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 500 employees, connections to more than 80 merchant and payment method integrations 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 statements

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

		September 30		December 31
		2021	2020	2020
		(Unaudited)		(Audited)
	Note	U.S. dollars in thousands		
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents		103,804	7,715	8,195
Restricted cash transferable to customers for Processing activity		23,185	14,843	18,166
Short-term bank deposits		103	80	87
Receivables for processing activity		16,030	12,595	7,213
Accounts receivable:				
Trade, net		15,783	13,136	13,840
Others		4,401	1,215	1,976
Inventory		7,386	5,431	5,041
Total current assets		170,692	55,015	54,518
NON-CURRENT ASSETS:				
Long-term bank deposits		1,056	741	798
Long-term receivables	5b, 5c	875	-	-
Investment in associate	5b	8,787	-	-
Property, plant and equipment, net		5,189	4,087	5,047
Right-of-use assets, net		5,522	4,980	4,761
Goodwill and intangible assets, net		36,905	25,621	27,388
Deferred income tax		202	135	241
Total non-current assets		58,536	35,564	38,235
TOTAL ASSETS		229,228	90,579	92,753

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

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		September 30	December 31
		2021	2020
		(Unaudited)	(Audited)
	Note	U.S. dollars in thousands	
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank borrowings		-	8,745
Current maturities of long-term bank loans		2,403	1,524
Loans from shareholders		-	-
Current maturities of loans from others		3,308	2,434
Current maturities of other long-term liabilities		774	516
Current maturities of leases liabilities		1,373	1,252
Payables in respect of processing activity		48,559	29,788
Liabilities in connection with acquisition of investees	5a	466	-
Accounts payable:			
Trade		11,504	8,666
Other		7,777	4,812
Total current liabilities		76,164	62,251
NON-CURRENT LIABILITIES:			
Long-term bank loans		3,146	5,407
Long-term loans from others		930	3,347
Long-term loans from shareholders		-	14
Retirement benefit obligation, net		980	615
Other long-term liabilities		4,093	2,882
Lease liabilities		5,528	5,010
Deferred income tax		1,045	538
Total non-current liabilities		15,722	18,001
TOTAL LIABILITIES		91,886	80,252
EQUITY:			
Equity attributed to parent company’s shareholders:			
Share capital		8	7
Share premium		150,060	16,689
Put option to purchase subsidiary’s shares		-	(493)
Capital reserves		9,407	9,589
Accumulated deficit		(22,133)	(13,433)
Total equity attributed to shareholders of the company		137,342	12,501
Non-controlling interest		-	1,183
TOTAL EQUITY		137,342	15,029
TOTAL LIABILITIES AND EQUITY		229,228	92,753

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

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENT OF INCOME

		Nine months ended September 30		Three months ended September 30		Year ended December 31
		2021	2020	2021	2020	2020
		(Unaudited)				(Audited)
		U.S. dollars in thousands				
Note		(Excluding loss per share data)				
Revenues	4	84,701	54,177	30,926	22,078	78,783
Cost of revenues		<u>(48,533)</u>	<u>(27,890)</u>	<u>18,580</u>	<u>(11,631)</u>	<u>(41,603)</u>
Gross Profit		36,168	26,287	12,346	10,447	37,180
Research and development expenses		(13,287)	(6,794)	(5,265)	(2,782)	(9,300)
Selling, general and administrative expenses		30,890	(18,649)	(12,271)	(6,593)	(26,545)
Depreciation and amortization in respect of capitalized development costs and technology		(2,771)	(2,718)	(1,073)	(894)	(3,559)
Other expenses, net	10	(1,802)	-	(96)	-	-
Share in losses of associate company	5b	<u>(124)</u>	<u>-</u>	<u>(67)</u>	<u>-</u>	<u>-</u>
Profit (loss) from ordinary operations		(12,706)	(1,874)	(6,426)	178	(2,224)
Finance expenses		(2,897)	(1,716)	(347)	(413)	(4,277)
Finance income		<u>840</u>	<u>537</u>	<u>-</u>	<u>-</u>	<u>403</u>
Loss before taxes on income		(14,763)	(3,053)	(6,773)	(235)	(6,098)
Tax benefit (expense)		<u>(14)</u>	<u>55</u>	<u>38</u>	<u>10</u>	<u>15</u>
Loss for the period		<u>(14,777)</u>	<u>(2,998)</u>	<u>(6,735)</u>	<u>(225)</u>	<u>(6,083)</u>
Attribution of income (loss) for the period:						
To shareholders of the Company		(14,771)	(3,166)	(6,735)	(263)	(6,254)
To non-controlling interests		<u>(6)</u>	<u>168</u>	<u>-</u>	<u>38</u>	<u>171</u>
Total		<u>(14,777)</u>	<u>(2,998)</u>	<u>(6,735)</u>	<u>(225)</u>	<u>(6,083)</u>
Loss per share attributed to shareholders of the Company:						
Basic and diluted loss		<u>(0.0504)</u>	<u>(0.0127)</u>	<u>(0.0207)</u>	<u>(0.0011)</u>	<u>(0.0252)</u>

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

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)				(Audited)
	U.S. dollars in thousands				
Loss for the period	(14,777)	(2,998)	(6,735)	(225)	(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	(74)	112	166	17	243
Total comprehensive loss for the period	<u>(14,851)</u>	<u>(2,886)</u>	<u>(6,569)</u>	<u>(208)</u>	<u>(5,966)</u>
Attribution of total comprehensive income (loss) for the period:					
To shareholders of the Company	(14,781)	(3,054)	(6,569)	(246)	(6,137)
To non-controlling interests	(70)	168	-	38	171
Total comprehensive loss for the period	<u>(14,851)</u>	<u>(2,886)</u>	<u>(6,569)</u>	<u>(208)</u>	<u>(5,966)</u>

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

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 gain and loss on translation of financial statements	Accumulated deficit	Total equity attributed to shareholders of the Company	Non-controlling interests	Total equity
	U.S. dollars in thousands										
Balance at January 1, 2021 (audited)	7	16,689	(329)	10,085	(761)	-	243	(13,433)	12,501	-	12,501
Changes in the nine months ended September 30, 2021 (unaudited):											
Loss for the period	-	-	-	-	-	-	-	(14,771)	(14,771)	(6)	(14,777)
Other comprehensive loss for the period	-	-	-	-	-	-	(10)	-	(10)	(64)	(74)
Non-controlling interests from business combination (See note 5a)	-	-	-	-	-	-	-	-	-	1,530	1,530
IPO (See note 10)	1	132,559	-	-	-	-	-	-	132,560	-	132,560
Transactions with non-controlling interests (See note 5a)	-	-	-	205	-	-	-	-	205	(1,460)	(1,255)
Business combination under common control (see note 5d)	-	-	-	(26)	-	-	-	-	(26)	-	(26)
Options exercised	-	812	-	-	-	-	-	-	812	-	812
Share-based payment	-	-	-	-	-	-	-	6,071	6,071	-	6,071
Balance at September 30, 2021 (unaudited)	8	150,060	(329)	10,264	(761)	-	233	(22,133)	137,342	-	137,342
Balance at January 1, 2020 (audited)	7	16,689	(203)	10,085	(405)	(493)	-	(11,026)	14,654	1,015	15,669
Changes in the nine months ended September 30, 2020 (unaudited):											
Income (loss) for the period	-	-	-	-	-	-	-	(3,166)	(3,166)	168	(2,998)
Other comprehensive income for the period	-	-	-	-	-	-	112	-	112	-	112
Share-based payment	-	-	-	-	-	-	-	2,246	2,246	-	2,246
Balance at September 30, 2020 (unaudited)	7	16,689	(203)	10,085	(405)	(493)	112	(11,946)	13,846	1,183	15,029

The accompanying notes are an integral part of these financial statements

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	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 gain and loss on translation of financial statements	Accumulated deficit	Total equity attributed to shareholders of the Company	Non-controlling interests	Total equity
	U.S. dollars in thousands										
Balance at July 1, 2021 (unaudited)	8	149,383	(329)	10,264	(761)	-	67	(18,595)	140,037	-	140,037
Changes in the three months ended September 30, 2021 (unaudited):											
Loss for the period	-	-	-	-	-	-	-	(6,735)	(6,735)	-	(6,735)
Other comprehensive income for the period	-	-	-	-	-	-	166	-	166	-	166
Options exercised	-	677	-	-	-	-	-	-	677	-	677
Share-based payment	-	-	-	-	-	-	-	3,197	3,197	-	3,197
Balance at September 30, 2021 (unaudited)	8	150,060	(329)	10,264	(761)	-	233	(22,133)	137,342	-	137,342
Balance at July 1, 2020 (unaudited)	7	16,689	(203)	10,085	(405)	(493)	95	(12,579)	13,196	1,145	14,341
Changes in the three months ended September 30, 2020 (unaudited):											
Income (loss) for the period	-	-	-	-	-	-	-	(263)	(263)	38	(225)
Other comprehensive income for the period	-	-	-	-	-	-	17	-	17	-	17
Share-based payment	-	-	-	-	-	-	-	896	896	-	896
Balance at September 30, 2020 (unaudited)	7	16,689	(203)	10,085	(405)	(493)	112	(11,946)	13,846	1,183	15,029

The accompanying notes are an integral part of these financial statements

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Equity attributed to shareholders of the Company										
<u>Share capital</u>	<u>Share premium</u>	<u>Defined benefit plans</u>	<u>Reserve from transactions with controlling shareholders</u>	<u>Reserve from transactions with non-controlling interests</u>	<u>Call option to purchase shares of subsidiary</u>	<u>Capital reserve from gain and loss on translation of financial statements</u>	<u>Accumulated deficit</u>	<u>Total equity attributed to shareholders of the Company</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
U.S. dollars in thousands										
Balance at January 1, 2020 (audited)	7	16,689	(203)	10,085	(405)	(493)	-	(11,026)	14,654	15,669
Changes in 2020 (audited):										
Income (loss) for the period	-	-	-	-	-	-	(6,254)	(6,254)	171	(6,083)
Other comprehensive income (loss) for the period	-	-	(126)	-	-	243	-	117	-	117
Transactions with non-controlling interests	-	-	-	-	(356)	493	-	137	(1,186)	(1,049)
Share-based payment	-	-	-	-	-	-	3,847	3,847	-	3,847
Balance at December 31, 2020 (audited)	<u>7</u>	<u>16,689</u>	<u>(329)</u>	<u>10,085</u>	<u>(761)</u>	<u>-</u>	<u>243</u>	<u>(13,433)</u>	<u>12,501</u>	<u>12,501</u>

The accompanying notes are an integral part of these financial statements

NAYAX LTD

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)				(Audited)
	U.S. dollars in thousands				
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net loss for the period	(14,777)	(2,998)	(6,735)	(225)	(6,083)
Adjustments required to reflect the cash flow from operating activities (see Appendix A)	15,048	5,739	6,170	2,193	12,571
Net cash provided by (used in) operating activities	<u>271</u>	<u>2,741</u>	<u>(565)</u>	<u>1,968</u>	<u>6,488</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capitalized development costs	(4,327)	(3,638)	(1,289)	(1,144)	(5,731)
Acquisition of property, plant and equipment	(1,393)	(1,375)	(811)	(657)	(2,125)
Loans extended to others	-	(76)	-	(33)	(141)
Investments in associates (see note 5b)	(6,449)	-	(4,000)	-	-
Repayment of loans extended to shareholders	61	848	-	-	786
Increase in bank deposits	(274)	(347)	(243)	(136)	(411)
Purchase of subsidiary net of purchased cash (notes 5a and 5d)	418	(686)	-	-	(686)
Repayment of liability to pay deferred consideration in respect to business combinations (notes 5a and 5e)	(7,335)	(580)	(126)	(290)	(580)
Interest received	2	12	-	3	14
Investments in financial assets (see note 5c)	(446)	-	(225)	-	-
Proceeds from sub-lessee	158	219	-	76	302
Net cash used in investing activities	<u>19,585</u>	<u>(5,623)</u>	<u>(6,694)</u>	<u>(2,181)</u>	<u>(8,572)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:					
IPO (see note 10)	132,560	-	-	-	-
Interest paid	(582)	(755)	(132)	(229)	(1,065)
Short-term bank credit received (repayment), net	(11,393)	747	-	2,760	2,976
Support received (royalties paid) in respect to government assistance plans	(199)	-	-	-	16
Transactions with non-controlling interests (see note 5a)	(790)	-	(278)	-	(1,049)
Long-term bank loans received	-	4,735	-	-	4,734
Repayment of long-term bank loans	(1,849)	(713)	(583)	(278)	(1,003)
Long-term loans received from others	-	3,804	-	-	3,804
Repayment of long-term loans from others	(1,230)	(648)	(505)	(164)	(920)
Loans received from shareholders	8,900	14	-	(578)	-
Repayment of loans from shareholders	(8,900)	-	-	-	-
Decrease in other long-term liabilities	(219)	(131)	(74)	(43)	(280)
Employee options exercised	384	-	249	-	-
Repayment of lease liability principal	(1,013)	(844)	(286)	(300)	(1,167)
Net cash provided by financing activities	<u>115,669</u>	<u>6,209</u>	<u>(1,609)</u>	<u>1,168</u>	<u>6,046</u>
Increase (decrease) in cash and cash equivalents	96,355	3,327	(8,868)	955	3,962
Balance of cash and cash equivalents at Beginning of period	8,195	4,412	113,050	7,029	4,412
Losses from exchange differences on cash and cash equivalents	(717)	(63)	(612)	(306)	(222)
Gains (losses) from translation of cash and cash equivalents of foreign activity	(29)	39	234	37	43
Balance of cash and cash equivalents at end of period	<u>103,804</u>	<u>7,715</u>	<u>103,804</u>	<u>7,715</u>	<u>8,195</u>

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

NAYAX LTD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

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

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)				(Audited)
	U.S. dollars in thousands				
<u>Adjustments in respect of:</u>					
Depreciation and amortization	5,331	4,354	1,898	1,434	5,908
Retirement benefit obligation, net	86	(48)	37	-	106
Income taxes	(134)	(93)	(50)	(34)	(230)
Financing expenses, net	1,541	776	807	821	3,428
Expenses (income) in respect of long-term employee benefits	149	(55)	42	(216)	5
Share in losses of associate company	124	-	67	-	-
Expenses in respect of share-based payment	5,354	1,729	2,789	694	2,965
Total adjustments	12,451	6,663	5,590	2,699	12,182
<u>Changes in operating assets and liability items:</u>					
Increase in restricted cash in respect of processing activity	(5,021)	(8,609)	(137)	(5,614)	(11,930)
Increase in receivables from processing activity	(7,064)	(378)	(1,218)	(2,973)	5,003
Decrease (increase) in trade receivables	(1,157)	(3,252)	823	(4,922)	(3,894)
Decrease (increase) in other receivables	(2,177)	371	(1,971)	(42)	(389)
Decrease (increase) in inventory	(2,334)	(911)	(2,251)	94	(511)
Increase in payables for processing activity	19,570	9,811	2,357	9,822	7,203
Increase (decrease) in trade payables	(1,136)	951	2,711	2,261	3,154
Increase in other payables	1,916	1,093	266	868	1,753
Total changes in operating assets and liability items	2,597	(924)	580	(506)	389
Total adjustments required to reflect the cash flow from operating activities	15,048	5,739	6,170	2,193	12,571

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

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	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	-	741	-	741	806
Recognition of right-of-use assets in respect of lease of buildings against a lease liability	1,567	1,235	24	1,235	1,235
Capitalized development costs	720	518	410	203	883
Exercised options against other receivables	428	-	428	-	-

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