Nayax

Nayax's Third Quarter 2026 Earnings Conference Call Transcript

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COMPANY PARTICIPANTS

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CONFERENCE CALL PARTICIPANTS

Rayna Kumar - Oppenheimer & Co Inc

Josh Nichols - B. Riley Securities Holdings Inc

Cristopher Kennedy - William Blair Capital Partners

Octavian Popescu - Jefferies

Michael Allen - Barclays

Operator

Hello, everyone, and welcome to Nayax's Third Quarter 2026 Earnings Conference Call. All participants are at present in a listen-only mode. Following management's formal presentation, instructions will be given for the question and answer session. As a reminder, this conference is being recorded. I would now like to turn the call over to Mr. Aaron Greenberg. Please go ahead, Aaron.

Aaron Greenberg

Thank you, operator, and everyone, for joining us today on this conference call. With me on the call today are Yair Nechmad, Nayax Co-Founder and Chief Executive Officer; and Sagit Manor, Chief Financial Officer. Following management's prepared remarks, we will open the call for the question-and-answer session. Our press release and supplementary investor presentation are available on our Investor Relations website at ir.nayax.com.

As a reminder, during this call we will be making forward-looking statements. All forward-looking statements on our call today are based on assumptions and, therefore, subject to risks and uncertainties that may cause results to differ materially from those projected. We have no obligation to update these statements except as required by law. You can read about these risks and uncertainties in our supplementary investor presentation released earlier today and our regulatory filings.

In addition, today's call will include a discussion of non-IFRS measures. Management believes non-IFRS results are useful in order to enhance our understanding of our ongoing performance. However, these measures should be considered as a supplement to and not as a substitute for IFRS financial measures. A reconciliation between Nayax's non-IFRS to IFRS measures can be found in our earnings press release issued earlier today.

All key performance indicators are intended to evaluate our business and properly measure factors in a macroeconomic environment to guide and support our decision-making. These key performance indicators may be calculated in a manner different from our industry standards. And finally, please note that all figures in today's call will be reported in U.S. dollars unless stated otherwise. Yair will start the call with key financial and operational highlights. Following that, Sagit will go through the details of financial results and discuss the outlook.

And with that, I would like to turn the call over to Nayax CEO, Yair Nechmad. Yair?

Yair Nechmad

Thank you, Aaron, and thank you, everyone, for joining us today. I'm happy to share that Q3 was a strong quarter for Nayax with profitability in focus. Our revenue, margins and cash flow were highly impressive for the quarter, reflecting our progress in scaling the business while working towards our 2028 target. I'd like to focus today on the following: first, how our recurring revenue and margin discipline are driving profitability; second, how we are expanding our addressable market through new distribution channel; third, the addition of IPS; and fourth, why 2027 is about to deliver return on what we have built.

Let's dive in. Recurring revenue continued to be the primary engine of Nayax and a growing part of our total revenue. For perspective, in Q1 2023 recurring revenue was around 62% of our business while now with discipline and a successful flywheel effect, our higher margin recurring revenue is 73% of the business and growing. The land and expand model is working and we believe that the business will continue accelerating growth on ARPU. We intend to provide our customers with additional services over the coming years as Nayax remain at the center of their day-to-day business operation.

Turning to hardware. Greater sales of the VPOS Media product family post full launch and lower product cost allow us to improve our margin significantly compared sequentially to Q2 to approximately 35%. As a leading industry solution provider, we continue to deliver competitive pricing while maintaining strong margins.

The second area I want to discuss is our expansion effort. We are steadily expanding our addressable market and our channel distribution within those verticals we already serve. Our investment in sales, OEM integration and continued international expansion are working and reflecting in the results this quarter. For example, our China business is expanding rapidly focused

on integrating with the OEM manufacturers at the factory level.

We have been creating partnership with many OEMs in vending, EV charging and other verticals whereby they are adding the VPOS family devices or the embedded UNO-Mini as a default option before it is delivered to the customers. This means that when the machine leaves the factory with our reader inside, the operator starts with Nayax from day 1 at almost no customer acquisition cost for us. Throughout the rest of Southeast Asia, our expansion in multiple countries over the past year is starting to show success. As an example, a leading amusement operator in the region placed an order in the third quarter for more than 10,000 units, which we expect to deliver in Q4.

Orders like this show how our investments are successfully turning into sales. In Latin America, we recently announced a partnership with Getnet, a leading global merchant payment platform and solution provider in Latin America and Iberia. This partnership gives Nayax a clear path into new Latin American market starting with Chile, then Brazil, Mexico and Argentina and strengthen our presence in countries where we already operate such as Portugal and Spain. We do this by pairing our unattended payment technology with Getnet's local acquiring network, one of the largest in Latin America.

Moving to our fuel vertical. We signed a distribution partnership with Allied Electronics, which reach around 53,000 U.S. fuel stations and will offer our VPOS Media 5 at the pump. We expect to launch fueling payment in the U.S. together with Allied over the coming months. For context, a gas station forecourt today can typically have a pump, EV charger, a car wash and retail store and the operator wants 1 payment provider to support all of it. This is exactly what our platform solution intend to deliver. Finally, on expansion, we had several success this quarter in our EV vertical. First, our Lynkwell software has opened up a significant TAM expansion opportunity for bundled payment and software services.

For example, we just moved a typical network of 2,000 chargers over to our platform, which wouldn't have been possible without having the full stack solution together with Lynkwell. Additionally, we launched our EV solution in Brazil, which is substantial market opportunity with a low penetration in EV charging. To be clear, Lynkwell's strategy is not to own and operate its charger, but rather to supply charge point operator with hardware, software, service and most importantly, payment. Every charger we touch become a recurring revenue regardless of who may own it unlike other EV charging companies who carry the CapEx and utilization risk.

Turning now to my third topic, the IPS acquisition. On October 1, we completed the acquisition of IPS Group to accelerate our entry into parking vertical. Why parking? First of all, it's a great market opportunity as parking is steadily moving away from coins towards cards, mobile payment. The same shift we have seen throughout the automated self-service vertical we already serve today.

Second, contract with municipalities are typically long term with strong recurring revenue consistent with Nayax business model. Third, cities are consolidating their vendors and Nayax payment capabilities and our EV charging station together with IPS platform offer a comprehensive and competitive solution. We will provide more updates in the coming quarters on the progress we are making in parking.

Now let me turn to my fourth area of focus and share our 3 strategic priority for next year. Some have asked how we balance investment in new opportunities with return on what we have already built. Our answer is simple. In 2027 our focus is on delivering. First, integrating IPS. IPS extend Nayax payment leadership into mobility with one of the leading smart parking platform serving more than 250,000 parking spaces. Over the next 12 months, we expect to begin converting IPS payment volume to our processing platform and introduce IPS to the European market.

Successfully integrating IPS and realizing the expected synergies will be a key operational and capital allocation priority in 2027. Second, focusing on turning this year's partnership into future recurring revenue. This year we expanded our reach through new distribution partner, deepened our integration with OEM and entered new geographies in our growth vertical. 2027 will be about converting these opportunities into revenue. Third focus is financial services. Our customers already run their payment monitoring and reporting on the Nayax platform.

Through Nayax Capital, we offer our customer device financing. In 2027 we expect to expand more financial offering to our customer. As we add services, Nayax become even more embedded in our customer's day-to-day operation, which deepen the relationship and increase our revenue per customer. To summarize, the foundation is in place. A large part of the automated self-service market is not connected yet and many of our customers do not yet use everything we offer. We are still early in a long-term global shift and Nayax is built to lead it.

With that, I would like to pass the call to our CFO, Sagit Manor, to discuss our financial progress this quarter, the remaining investment requirement, the factor that will support cash generation going forward and our guidance. Sagit?

Sagit Manor

Thank you, Yair, and good morning, good evening, everyone. We appreciate having our shareholders, analysts and the entire Nayax team together with us today. I'm pleased with our third quarter results. Our focus, dedication and execution delivered solid growth over the prior year's quarter with margin and adjusted EBITDA expansion both sequentially and year-over-year and importantly, an improvement of cash generation. Let me walk you through the results and the key drivers of our performance.

Revenue increased 23% to $128 million from $104 million in last year's third quarter with organic revenue growth of 21% year-to-date. Recurring revenue grew 21% and represented approximately

73% of total revenue. We ended the quarter with an installed base of nearly 1.6 million managed and connected devices while serving approximately 131,000 customers globally. Total dollar transaction value grew 26% to $2.2 billion. Consistent with recent quarters, we continue to see a favorable mix shift towards higher value verticals.

Average transaction value or ATV increased to $2.64 from $2.40 while take rate remained strong at 2.66% representing a mix of both regional and vertical shifts. Combined, these indicators show that our growth is increasingly driven by adding more devices and by increasing activity and monetization. We also saw a continued increase in the revenue generated from each connected device. Average revenue per unit or ARPU increased 11% year-over-year to $255. This increase continues to be driven by 2 main factors.

First, the ongoing conversion of existing machines from cash to cashless transactions. And second, our strategic expansion into higher value verticals such as EV charging, amusement and car wash. These are the same trends we've been speaking about for several quarters. Turning now to hardware revenue. Hardware revenue increased 27% to $34.5 million from $27.2 million in last year's third quarter driven primarily by the expansion of our EV platform as we strengthen our position in this important long-term growth market and continue to capture market share.

Moving now to profitability and margins for the quarter. Overall gross margin for the quarter was a record high of the company at 49.6%. The continued expansion of our recurring business remains the key driver of our long-term profitability with both processing and SaaS margins improving this quarter. Recurring gross margin increased to 54.8%, up from 53.6% in the prior year quarter reflecting continued scale, higher transaction volumes and broader adoption of our software solutions across our installed base.

Processing margin improved to 41.6%, up from 39.6% a year ago reflecting the continued benefits of our renegotiated acquiring agreements together with our enhanced smart routing capabilities. SaaS margin also expanded to 77.3% from 76.3% reflecting continued scale. Hardware margin was 35.2%, which was a significant improvement sequentially from this year's second quarter of 28.1% driven mainly by both a higher average selling price and a lower product cost of our VPOS Media product family.

Adjusted OpEx for the quarter was $40 million, which was an improvement of more than $4 million sequentially compared to the second quarter and represented 31.2% of revenue. Most of the improvements were related to several cost reduction initiatives such as employee-related marketing and IT expenses. Adjusted EBITDA increased 32.9% to $24.2 million from $18.2 million representing 19% of revenue as we continue to drive margin expansion, improved productivity and operational efficiency across the organization.

It's worth mentioning that adjusted EBITDA in the third quarter increased by more than 70% sequentially compared to the second quarter, emphasizing the operating leverage of the business reflecting both an improvement on overall gross margin as well as disciplined cost management. Stock-based compensation was approximately $6.2 million in the third quarter compared to $2.6 million in the prior year quarter. This increase is due to a new company senior leadership stock-based incentive plan that was initiated and disclosed last quarter.

Net financial expenses increased to $4.2 million compared to $3.3 million in the prior year period, primarily reflecting higher expenses due to FX and interest expense associated with the bond issuance completed in 2025. We reported a net loss of $1.1 million for the quarter compared to net income of $3.5 million in the prior year period due to higher financial expenses and stock-based compensation. Adjusted net income for the quarter was $14.1 million compared to adjusted net income of $10.2 million in the prior year period.

The main adjustment of $15 million from our net loss to adjusted net income are related to stock-based compensation, an amendment to VM Tecnologia consideration and amortization of acquired intangibles. Turning now to our balance sheet. As of September 30, 2026, cash and cash equivalents and short-term deposits totaled $453 million while total short- and long-term debt stood at $491 million. Both include $150 million of bank loans to finance the IPS acquisition, which was completed on October 1, for a total consideration of $350 million. Looking at cash flow, we generated $18.1 million from operating activity in the third quarter. Free cash flow was $10 million representing 41% conversion of adjusted EBITDA.

Turning now to our guidance and outlook and referring to the forward-looking information included in today's press release. We are reaffirming our guidance for the full year excluding IPS of $510 million to $520 million, including organic revenue growth of 22% to 25%. IPS is expected to contribute an addition of approximately $20 million of revenue in the fourth quarter. Therefore, with IPS, the company's revenue guidance is expected to be between $530 million to $540 million for the full year 2026.

Q4 is seasonally the strongest quarter in our core business with strong recurring and higher hardware revenue. This seasonality together with identified opportunities supported by order in hand, a well-tracked pipeline and meaningful contribution from our EV charging, fuel and retail verticals gives us confidence in delivering our FY 2026 guidance. Similarly, adjusted EBITDA for the year is now expected to be approximately $90 million to $95 million, which again we are reaffirming our original guidance of $85 million to $90 million plus the expected contribution of approximately $5 million from IPS in the fourth quarter.

We continue to expect free cash flow conversion from adjusted EBITDA of approximately 5% to 10% of this year excluding the expected contribution of IPS. As stated last quarter, this primarily reflects accelerated investments the company is making to support its long-term growth initiatives.

The areas of investment are in financial services, including lending, installment and issuing capabilities as well as capturing market share in the EV charging space and securing sourcing of key components and cost.

In financial services, we continue to invest in our capabilities and infrastructure this quarter. We expect a lower level of investment in 2027 as our focus shifts towards expanding adoption and generating revenue from these services. In EV charging, we fund certain Lynkwell customer deployments ahead of customer payments, including payments that follow the receipt of government grants. Since the beginning of the year, we have provided approximately $12 million in short-term operating investments for Lynkwell charging deployments, of which approximately $5 million was funded in the third quarter.

Overall, our third quarter results demonstrated continued growth alongside improved margins, operating leverage and a return to positive free cash flow. As we integrate IPS and expand adoption across our platform, our focus remains on disciplined investment and translating recurring revenue growth into stronger profitability and cash generation. We remain confident in our full year outlook and look forward to updating you on our progress. I want to thank all of our Nayax colleagues for their hard work and dedication.

And with that, I'll now turn the call over to the operator for our Q&A session. Operator?

QUESTION-AND-ANSWER SESSION

Operator

And our first question will come from Rayna Kumar with Oppenheimer.

Rayna Kumar - Oppenheimer & Co Inc

Could you go a little bit in more detail on just what gives you confidence in the organic growth acceleration that's implied by your full year guidance, particularly given that it's a tougher fourth quarter comparison? If you can just discuss the drivers.

Yair Nechmad

This is Yair. Thank you for the question. As you know, we are moving 73%, 75% recurring revenue and this is like we can see 21 quarters how it's growing and it will grow to Q4. So the remaining is regarding the funnel that we're holding and we have a strong funnel that we believe we can deliver upon this quarter. You have to remember that Q3 against Q3 '25 was a very strong quarter. So this is why it looks like that we're not growing enough in terms of the organic growth. But basically the end of the year, as we projected, we're feeling good with the funnel that we're having and of course with the recurring revenue that support all the projection that we have given.

Sagit Manor

Rayna, maybe to add that Q4 is seasonally the strongest quarter we have in our core business, right? Like Yair mentioned, strong recurring revenue, strong hardware revenue as well. The opportunities that we see in hand is in the EV charging, fuel and the retail vertical with order in hand, well-tracked pipeline. So we feel very comfortable with delivering our FY 2026 guidance.

Rayna Kumar - Oppenheimer & Co Inc

That's very helpful. And just as a follow-up, how much further margin expansion do you see in SaaS and payment processing? And then for hardware, how sustainable is the sequential margin improvement that we saw and are you seeing any emerging cost pressures?

Yair Nechmad

This is again Yair. I think the way that we look business-wise on managing the margin is according to what we project for 2028 and we believe that we are on track of it. Coming to some granularity of how we control this year. We have also the track record again for past quarters that whenever we need it, we can actually use the acquisition cost through the hardware. And whenever there is an issue, we use the hardware in some cases to not lifting the price because we thought this is the right thing to do. So it's under full control of us to manage the total gross margin of the company.

Saying that, you have to remember that the context that we're looking at least how we believe in the business is basically what is the total take rate, total cost of ownership from the side of the customer. We are really managing this in very careful way that we're not crossing the 4%, 5% of the total cost of ownership for the customer. And that's the main driver that protects us in terms of churn, protect from any kind of what you call a hiccup in the market in terms of competition. And the outcome is that you see that we are growing organically very nicely. You see that the gross margin is really being kept very nicely. And the most important part is the churn is not going up.

And that means that we are in the right track regarding the tailwind that we're building with the market and holding more and more market share and not losing grip of the market because we're taking a little bit more gross margin, whatever it is. And ending up this, the whole business into the future years is how we are converting this to cash. And we showed in the past and now we are moving back to this that will show in the future how we're moving the adjusted EBITDA conversion to cash and we know that we can control this as well. So basically this is like a full cycle of how we're managing ourselves in terms of trajectory to the future with a very strong tailwind keeping the market in favor with Nayax.

Sagit Manor

And maybe just to add that again very proud of the margins that we've been able to achieve this quarter, improvement in all revenue sources whether it's the recurring revenue; but in particular, the margins on the processing as well as the SaaS and of course the hardware margin. I'm expecting that Q4 will be around that area, maybe a little bit lower because of the higher hardware margins that we're expecting. However, all of that is a strong attention that we put on where we are controlling, which is everything that we talked about; the acquiring agreements and renegotiation, the component cost reduction, improvement in supply chain initiatives, et cetera, et cetera.

Operator

And our next question will come from Matthew Maus with B. Riley Securities.

Josh Nichols - B. Riley Securities Holdings Inc

It's Josh Nichols. Great to see the record margin. I know you've only had IPS around like 6 weeks at this point. But combining the parking, the payments and the EV charging for sites; I'm just kind of curious when you look at the mobility platform like what are you most excited about? And any specifics that you could give about the time line to expand and evolve that into Continental Europe and the opportunity there?

Aaron Greenberg

This is Aaron. It's a great question. As you know, we finished the acquisition just about a little under 1.5 months ago, but we're already seeing a lot of really positive momentum with our teams between the parking team and the EV teams. They've been going back and forth to each other's offices. And we see a lot of initial momentum even with some of the existing cities that we have, both IPS and their customers as well as Lynkwell and their customers. And the most important thing when we're thinking about mobility is how do we tie the payments together between parking, EV and then eventually we would like to do transit as well and combining the 3 of them together and really creating an ecosystem essentially for the city.

And what we've seen in the research that we've done and with talking to the customers, both our current customers and prospective customers, the biggest pain point still is the fragmentation of payments within the mobility segment. And we believe that this is a really big opportunity that we can accelerate into over the coming years and IPS really helps with that. Now with regards to expansion of IPS, a big part of our strategy with regards to IPS is to take it more internationally. They do already have a presence in the U.K. and have done the integration in Ireland and have some customers in Ireland as well, which is in the EU, which allows us to have the integration all ready to go into Europe as we go into 2027.

So 2027 plans is to start to expand more into Continental Europe with regards to them and to integrate the payments as fast as possible, which we've been actively working on both for the U.S. and for Europe. And also looking at that as well, we've been working on expanding the Lynkwell platform as well into Continental Europe, which we've launched in a few countries over the last handful of months and we're continuing to expand that offering as well.

Sagit Manor

Josh, I want to spend a second on talking why parking. Because we're talking about more IPS, but why parking? So I think this one is a great market opportunity for Nayax because it's in the beginning of the cash-to-cashless conversion. So this is one. The second thing is that it's a strong recurring revenue business model, same consistent with us, consistent with Nayax. And lastly is the ability of taking the Nayax payment capabilities and put that on the IPS platform. So the 3 is kind of a win-win of why parking was. And we talked like in the last 1.5 years about why we are excited about the parking vertical and IPS meets all of those criteria.

Josh Nichols - B. Riley Securities Holdings Inc

Yes. I appreciate the context for that. And then I wanted to touch on, you spent a little bit of time on the call talking about some of these new distribution partners; Getnet, Allied. I mean you're putting more readers now on machines at the OEM level and at more markets. You mentioned things you're doing in Asia. Like how do you expect that to be a little bit more of a flywheel when we start moving into 2027 expanding across things like fuel, but also in new markets across Latin America and Asia?

Yair Nechmad

This is Yair. Thank you for the question. It's really 2 sides of what we're working very hard and the cycle is a little bit long, but then it will be fruitful for the next year we believe. In one hand, we started even more than a year or 2 years to accelerate our investment in the OEM part and we are counting very strongly on the OEM. Actually, today we're doing a big splash of promotion into the OEM in China like WeChat online, like a combination of video and this is now working now. This is like end of the year that's part of our growth and we have a very, very, very good acceptance in the market for the OEM.

So actually we build the channel not just in relationship, but also in a digital relationship so we can create the final leverage of our product to be ordered almost digital and that's a very strong confidence from the OEM on Nayax. On the other side, we're building the go-to-market with more and more partners that sees Nayax as their go-to-market like Getnet is a strong partner or Allied is a strong partner, one is a bank and one is for the fuel. All of this is a long, long relationship and a long terms of establishment.

But once it's running and we know how it was in the past for us when we were a little bit doing this, but not in that strong effort; we know that this is then taking us for the next decade and moving forward, very strong relationship that is building the growth and securing our growth. So summing up the question is 2 end. One is we strongly believe on the OEM not just in China, but all over the world because we're doing this with Italian manufacturer, with the U.K. manufacturers all over the world.

And we've been recognized the one that can deliver on more than 120 countries, the landing of the units and the machines on the ground and having all the capabilities of onboarding customers. And then cooperating with meaningful channels that were not been available for us in a few years ago, but now they really sees us as their go-to-market and the partnership is going very nicely.

Operator

We'll go next to Chris Kennedy with William Blair.

Cristopher Kennedy - William Blair Capital Partners

Clearly you're tracking towards your 2028 framework from a revenue side. But can you just talk about the 30% EBITDA margin goal as you balance investments with growth?

Sagit Manor

So as presented this quarter with the focus on discipline from cost discipline to improved margin, we were able to show a $10 million or 70% improvement on the adjusted EBITDA just from Q2 to Q3. Okay? You're right to say that the cost, whether it's the cost of our product to the cost of our services to our OpEx, and now what we spend is in our hands. So cost discipline is the number one. Obviously in order to get to our 30% adjusted EBITDA margin in 2028, 2027 will be somewhere in between 26% to 28% without providing obviously guidance for 2027 and that will be coming from both revenue growth, the additional contribution of IPS and as well as we talked about, the improvement in margins and in our operating expenses.

Yair Nechmad

Maybe to add to this, Chris, it's Yair. Regarding products that are not being revealed and did not contribute yet to the gross margin and to the EBITDA of the financial stack that we're having. As you know, we are in progress of the financial I'm calling it the payout level. And with that, just calculating any customer that is passing through us in terms of the acquiring side $10,000 and then the payout will be again the same $10,000 and just the margin of this can generate an extra margin for the processing from our side. So this is a very high contribution to the bottom line to what we believe that will go to conversion cash that is more than 50%, 60% from this product.

And then we have all the other part of the financial product that we are planning for. So this is also supporting our idea of what we're looking as payment not just as the side of the acquiring side, but

also the side of the payout. And we didn't put any kind of extra product that we are having the issuing license that we didn't really exercise it in terms of the revenue. All of this will come together in the next 2 years and with that, we believe that we can create 30% adjusted EBITDA. Now saying that, we're seeing also the ability of us to be more efficient operational-wise.

It is not a secret that using potentially internally AI tools that making not just for the developer, but for the whole group of the operation and accelerating the efficiency in the operation is part of it. It is taking some investment in terms of the token, but we know that we can generate more revenue from this investment and create efficiency that the growth of the company will keep running without totally more and more employees, but even staying the same will be the trajectory that we see in terms of the operational leverage.

Sagit Manor

If I look at the revenue, I look at it in 2 ways kind of to summarize. One is a way to continue to increase our existing managed and connected devices from 1.6 million to the -- you know how the market looks like, 45 million devices out there growing to 60 million by 2029 to increase our number of customers, et cetera. That kind of growing our legacy and continue to grow that. But at the same time how do we enjoy those 1.6 million devices, those 130,000 customers and provide them more services and being able to give them the full solution that they need, which also improve our revenue and our growth within the existing customers we have.

Cristopher Kennedy - William Blair Capital Partners

Understood. And then just as a quick follow-up, Sagit, you mentioned improving the payment capabilities at IPS. Can you just provide a little bit more details on that? Like what are the economics today and where can they go as you integrate the capabilities?

Aaron Greenberg

Chris, this is Aaron. I'll take this one. With regards to the payment capabilities, there's approximately $500 million of cashless volume that's already going through IPS, which is predominantly card present volume, which is as you know historically what we've excelled at. We're working very hard on the integration right now to be able to advance a payment facilitation solution, which IPS has not historically been the payment facilitator.

And we believe that this obviously can bring not only more throughput from the revenue side because their processing revenues are negligible at this point, but also down to the margin side. We think that margins on this can be very good and we think that there's a lot of inefficiency within the parking industry. We also think and we've seen the rates that people have been charging both in North America and Europe and we believe that we can be very competitive with our existing go-to-market strategy on payment pricing.

We'll give some more updates on that over the coming quarters as we continue the integration on this, but we are hoping to finish integration as we go into 2027 over the coming months. But it's a complex company from a size perspective and a number of regions, et cetera. So we are putting a lot of emphasis on the integration and several people that are on this and making it happen, but it will take some months to see some of the throughput from the payment side.

Operator

We'll go next to Octavian Popescu with Jefferies.

Octavian Popescu - Jefferies

So first one, how should we think about your M&A firepower after pro forma leverage is now at approximately 4x leverage including the IPS acquisition?

Aaron Greenberg

Thanks for the question. This is Aaron again. We're not intending to do another large acquisition soon. We're focused a lot right now on the integration of IPS. Obviously we want to make sure that we're bringing down the leverage as we go into 2027. And our free cash flow, as you saw this quarter and going into the future, is accelerating in the right direction. So we do expect that the leverage is going to continue to go down. That being said, we are still looking at opportunities although smaller opportunities, more similar to the size transactions that we've done historically and we're looking for the right opportunities.

Obviously accretive opportunities to the business long term; ones that are helping with verticalizing our platform, offering more services to our customers, obviously increasing ARPU as a result and selectively looking at specific regions that we're not necessarily heavily penetrated into yet. But you make a good point. This is not a leverage position that we're planning to expand on. But as you know with the EBITDA expecting to go to 30% over the next couple of years, the leverage is going to continue to go down between the growth of the profitability and the decrease of the net debt position.

Octavian Popescu - Jefferies

And second question, if I may. Can you talk to us about the performance for this quarter especially what drove the regional growth especially in Europe and Israel, which seems to have been weak? And also if you can discuss about the dynamics.

Sagit Manor

As you know, we never take 1 quarter and look at it as trend. All of our regions performed beautifully. If you look at the 9 months, beautiful whether it's total growth to organic growth. And as we said, we're expecting Q4 to be a strong quarter and together with IPS will be a nice end to 2026.

Operator

And moving next to Michael Allen with Barclays.

Michael Allen - Barclays

This is Michael Allen on for Nik Cremo. You highlighted several wins in EV this quarter, including the 2,000 charger migration onto the Lynkwell platform and EV continues to be a meaningful driver of hardware growth. Can you help us size how much of the total revenue EV represents today? And given the pipeline momentum you're seeing, is it reasonable to think EV could exceed 10% of total company revenue in 2027?

Aaron Greenberg

Thanks for the question. This is Aaron. EV has been a very strong driver of our business over the last several quarters and obviously we're continuing to mention it. And we see EV as a big accelerating potential for the business and a tailwind for the overall business as we look into the future especially with some of the synergies as well with IPS. The EV revenues are still under the 10% that we would normally have to go and report as a separate segment although it is accelerating very fast and we'll continue to give updates on it as we go into the coming quarters.

Operator

And this concludes our question-and-answer session and will conclude today's teleconference. We thank you for your participation. You may disconnect at this time and have a wonderful day.

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