Nayax's Third Quarter 2024 Earnings Conference Call Transcript

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Operator

Hello, everyone, and welcome to Nayax's third quarter 2024 earnings conference call. (Operator Instructions) 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's 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. 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 and 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 the industry standards. And finally, please note that all figures in today's call will be reported in US 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's CEO, Yair Nechmad. Yair?

Yair Nechmad

Thank you, Aaron, and thank you, everyone, joining us today to discuss our third quarter 2024 earnings. We delivered strong results across the company during the third quarter. We are excited to share some significant milestones in our company's history.

We achieved net income for the first time in the company's history and also maintained positive free cash flow for the period. These milestones are a testament to our team's dedication and mark a critical inflection point as we enter a new exciting phase of profitable growth.

This quarter, we achieved a record adjusted EBITDA of $11.1 million, representing approximately 13% of our total revenue. This achievement underscore our disciplined focus on profitability while driving top-line growth. Prioritizing automation and operational efficiency remains central to our strategy and has positively impacted our business.

As we continue prioritizing profitability, we expect to deliver even stronger results with improved gross margin and operating leverage, positioning us for sustainable and consistent profitable growth in the quarter ahead.

This quarter, we reached record revenue of $83 million, reflecting a 38% year-over-year growth, driven by both new and existing customer expansion. Our recurring revenue growth was especially robust, reaching 49% and underscoring the strength of resilience of our business model. This was driven by geographic expansion, growth in average transaction value and higher take rates.

Hardware revenues grew 15% compared to Q3 2023, driven by expansion mainly in EV charging, Retail, Laundry, Car Wash, Amusement, and Micro Markets, while partially impacted by new product-related certification delay.

Now turning to operational highlights for the quarter. I'd like to walk you through two key performance indicators that are primarily measure of our growth. First is our customer count. We continue to add significant number of new customers, ending the quarter with approximately 91,000 compared to 60,000 in last year's third quarter. Another key indicator is our installed base of managed and connected devices, which grew to 1,230,000 devices, an increase of 40% year-over-year.

This increase reflects the strength of our go-to-market strategy, leveraging direct sales, distributors, resellers, OEM partnerships, and our eShop, which propel our long-term growth.

Regarding our recent acquisitions, VMtecnologia, Roseman and Retail Pro, all are being integrated as planned. We are excited about the unique opportunity each bring to enhance Nayax's overall solution offering. In September, we announced a strategic partnership with Adyen, marking our first global partnership with an acquirer. This collaboration is expected to generate substantial savings in processing and operations across various regions while also expanding our payment facilitation or PayFac services to new countries, including Brazil, Singapore, and Malaysia.

Additionally, we are excited about our joint offering in the EV charging space for e-commerce, which we expect to release in the coming months.

In the Retail sector, we are strengthening our partnership, notably through a strategic agreement with A2Z to provide a global automated payment solution for smart card. We see significant opportunity here as the shift in attended towards automated solutions such as smart card, self-checkouts and kiosks present Nayax with significant growth opportunities.

Turning to market trends. Our recurring revenue growth to date highlights our strong momentum, which aligns closely with our internal expectations. We now anticipate slightly lower hardware revenue growth for the second half of 2024 due to some new product

certification delays, which are expected to be completed by the end of 2024 and early 2025. However, our 2024 adjusted EBITDA guidance will not be impacted by it.

Looking forward, our midterm and long-term outlook remain unchanged. Accordingly, we are adjusting our full year 2024 revenue forecast to a range of $315 million to $320 million, representing a 35% year-over-year revenue increase at the midpoint on a constant currency basis.

Our adjusted EBITDA outlook remains strong, with guidance of $30 million to $35 million expected to be at the higher end of the range, driven by continuing margin improvement and operational efficiencies.

Our focus on profitability is yielding strong results. We remain on track to generate positive free cash flow for the year, consistent with our strong year-to-date performance.

Looking ahead, we are confident of achieving our medium-term revenue growth target of 35% as we execute our strategy, which will drive incremental margin expansion over the coming years towards our long-term goal of 50% gross margin and 30% adjusted EBITDA.

To summarize, our business fundamental remains strong with consistent high growth in the numbers of customers and low churn. We believe Nayax has entered an exciting new phase of sustainable, profitable growth and cash flow generation. With our strategic focus and strong pipeline, we are well positioned to continue outpacing the broader payment industry and delivering exceptional value to our customers and shareholders.

Now to provide more detail on our Q3 and year-to-date performance and outlook, I'll turn the call over to our CFO, Sagit Manor, who will delve deeper into the financial results and discuss our strategic initiatives.

Sagit, please take it from here.

Sagit Manor

Thank you, Yair, and good morning, good evening, everyone. We're grateful to have our shareholders, analysts, and the entire Nayax community with us today as we review our Q3 2024 earnings. This quarter's results showcase our continued momentum and success driven by our focus on profitable growth. We're excited to report record revenue and net profit for the quarter, positive free cash flow, and a growing base of customers, as well as our managed and connected devices.

Starting with our quarterly performance, we are pleased to report revenue of $83 million, marking a 38% increase compared to Q3 2023. Notably, recurring revenue from SaaS subscription and payment processing fees showed significant strength, increasing 49% to approximately $60 million. This strong performance, which consistent of a high dollar net retention rate of 130%, underscores the scalability of our SaaS-based business model.

Recurring revenue represented approximately 72% of our total revenue this quarter, up from 67% in Q3 last year, reflecting our strategic focus on SaaS and payment solutions. We also saw a significant increase in transaction value, up 32% to approximately $1.3 billion from $1 billion in Q3 2023. This growth highlights both our expanding market presence and the increasing adoption of our platform.

Hardware revenue reached $23.1 million, a 15% increase over Q3 2023. As Yair mentioned, we did experience some delays in new product certifications, which are now expected to be completed by the end of 2024 and early 2025.

We continue expanding globally, especially in automated and self-service verticals, reaching approximately 1.23 million managed and connected devices, an impressive 40% increase compared to Q3 2023. This metric is crucial as it directly correlates with our ability to generate transaction-based revenue and demonstrates the scalability of our SaaS infrastructure.

Let's now dive into our profit segments. In terms of gross profit, we generated $38 million, representing a nearly $15 million increase or 65% growth compared to the same period last year.

Gross margin in Q3 was 45.7%, up from 38.1% in Q3 last year. This improvement highlights the strides we've made in hardware margin enhancements, supply chain optimization, and higher SaaS and payment processing margin.

Specifically, recurring margin increased to 50.1%, up from 46.9%, driven by a significant reduction in transaction costs. In addition, hardware margins reached 34.4%, up from 20.5% in last year's quarter, reflecting the positive impact of strategic efforts to enhance operational efficiencies and streamline our supply chain in recent quarters.

Our operating profit reached $1.5 million, a solid turnaround from an operating loss of $1.5 million in the same period last year. This quarter, we also achieved a record high adjusted EBITDA of $11.1 million, up from $3.5 million in Q3 last year. This impressive growth demonstrates our ability to drive profitable expansion while improving margins, managing costs, and strategically investing in growth opportunities.

In terms of net income, we are proud to announce positive net income, the first since going public, with net income of $0.7 million for the quarter compared to a loss of $3.1 million in Q3 last year. This marks a key milestone in our journey towards sustainable profitability.

Turning to our liquidity and balance sheet. Cash generated from operating activities reached an all-time high of $16.6 million for the three months ended September 30, 2024. Free cash flow, defined as cash from operations less capital expenditure, was $10.1 million for the quarter, allowing us to meet now our commitment to positive free cash flow for the year.

Our cash position remains strong, with cash and cash equivalents and short-term deposits totaling $89 million, while debt stands at $49 million, maintaining a solid balance sheet and net cash position.

Our customer base also expanded significantly, reaching nearly 91,000 customers by the end of Q3, adding over 5,600 customers this quarter alone. Additionally, we increased our managed and connected devices by 41,000, bringing the total to nearly 1.23 million devices. The slightly lower sequential growth in activated devices reflects lower hardware sales in Q1 2024 compared to Q4 of last year.

Looking into our revenue guidance for the full year 2024. While we are confident in the underlying strength of our business, there are a few discrete items that impact revenue growth in 2024 by about 3 points, mainly related to delays in some new product certifications. We are modifying our revenue guidance to a range of $315 million to $320 million, reflecting 35% growth at the midpoint on a constant currency basis. This is a slight adjustment from our prior guidance of $325 million to $335 million.

However, we expect continued improvement in hardware gross margin this year, driven by economies of scale, optimized pricing, and cost efficiencies. As a result, we're raising again our hardware margin guidance to exceed 30%, up from the previous range of 27% to 29%.

Our outlook for adjusted EBITDA remains strong with guidance of $30 million to $35 million for 2024, expected though to be at the higher end of the range, underscoring our strong operational performance. The company also reaffirms that free cash flow for the full year 2024, defined as operating cash flow, less capital expenditures will remain positive as demonstrated this quarter.

We are excited about our plans for 2025, anticipating continued strong profitable growth, driven by continued market expansion, the full integration of recent acquisitions, continuous operational optimization and the resolution of some product certification delays, unlocking associated revenues. These initiatives, combined with the rollout of high-margin offerings will position us for sustainable, profitable growth in 2025 and in the years ahead.

While we are still in the planning process for next year, we expect adjusted EBITDA to be at least 15% for 2025. Looking at the long term, we are confident in our strategy, targeting 35% revenue growth and a 50% gross margin, supported by initiatives like rental and leasing options, loyalty products, and embedded finance solutions. Our long-term adjusted EBITDA margin target remains at 30%.

In closing, we're proud to report net income for the first time, strong free cash flow, robust operating leverage, and an exciting outlook for profitable growth.

Thank you again for joining today's call. We look forward to sharing more about our progress in the quarters ahead. I'll now turn the call over to the operator for our Q&A session. Operator?

QUESTION-AND-ANSWER SESSION

Operator

(Operator Instructions) Hannes Leitner, Jefferies.

Hannes Leitner - Jefferies - Analyst

I have a couple of questions. So the first one is, maybe you can drill down a little bit more into this post-certification delay. Why this has now impacted Q3? And it feels that this is also impacting Q4. So, can you put that then in context with your revised guidance, if this is all driven from the terminal side?

And then, maybe you can double-click on that EV push you are making. What are you thinking? Is there the ramp-up time and when you should expect some revenue contribution on that side?

Yair Nechmad

It's Yair, here. Thank you for the question. Actually, the two questions are combined in my answer. But I think we're very proud in the third quarter. And I think we are growing in a very profitable way.

And in terms of the outcome, we see, what we call, the market is huge and continue to grow.

And I remind everyone that we're talking about more than 40 verticals that we address in a very large customer base that we know how to onboard them. The certification issue, every company is trying to control as much as we can in all aspects, of course, the execution in terms of the sales product, et cetera. Certification in the EV is a specific territory issue that was not foreseen from our perspective, because we do have certification for EV globally, but specific one territory with a large TAM from our perspective was delayed, because the same certification is not as other part of the world.

And the customers and us working together, it's not that we're waiting for delivering, this customer already has and hold in his hands a few dozens of Nayax's units, but we still have to cover some really regulation certification in this product. And we're sure that this will overcome by the end of this quarter or beginning of next quarter.

And that actually relates to the second question regarding the EV in general, besides this territory, we see a lot of what we call market and funnel that we're holding. To remind everyone, we're talking not just directly, we also have the OEM, and we are very strong in this part of the go-to-market, the channel. And we have a very strong hold in a lot of OEMs in the Far East, in Europe and the US that's already working with Nayax. And they will deploy all of their product into the market by 2025.

So we do see a lot of potential in the EV, and it's not just potential. We know it's going to happen.

Hannes Leitner - Jefferies - Analyst

Okay. Just a follow-up on the profitability and the good cost control. So maybe you just can talk about the sustainability of the hardware gross margin you have achieved and then having OpEx basically being sequentially flat. Should we then think -- how should we think about Q4 and the next year? Because if you are taking this into context with Q4 being usually a larger quarter, you should come towards the upper end of the EBITDA guidance range or even better.

Sagit Manor

Thank you, Hannes, and good to have you on the call. You're absolutely right. As we demonstrated this quarter, we continue to grow the business nicely and profitably while still investing in business opportunities for the future growth, right? We have a long-term targets

that we continue to be inspired by. However, we continue to be focused and disciplined with respect to how we manage our costs, and we do not expect to change that.

We do see operating leverage in our business, and we expect that our organic revenue growth will outpace the growth of the organic operating expenses if it makes sense. So we continue also to focus on generating free cash flow -- and that kind of brings us to the ability to not only raise our guidance on the hardware margin to be more than 30%. This is the second time that we are raising our guidance, because we see a beautiful cost reduction initiative in supply chain, everything that we've invested in supply chain infrastructure are coming into reality even faster than we've expected. As well as reaching to the higher range of the adjusted EBITDA, which is $30 million to $35 million.

Operator

Cris Kennedy, William Blair.

Cristopher Kennedy - William Blair - Analyst

I appreciate the additional disclosures. Just a follow-up on the EBITDA margin. You talked about at least 15% margins for next year. Can you talk about some of the levers to drive towards that goal?

Sagit Manor

So you know me, or you know us for many, many years, knowing that one quarter is not necessarily will reflect a trend or reflect how the year would look like. And Q3 was an amazing quarter, despite the slight POS or soft POS revenue. When I look at the entire year of 2024, we are expecting to reach 35% year-over-year and meet basically everything else that we've said that we're going to do.

Going into 2025, and while we are in the process -- in the planning process of looking at every single geography, product solutions that we have, organic and inorganic, we see quite in a beautiful way how the operating leverage that we are putting in place and we've put in the last three, four years are coming into realization.

And therefore, we felt comfortable to start speaking about 2025 and see that cost discipline, that profitable growth will provide us the ability to reach at least 15% on the adjusted EBITDA level.

Yair Nechmad

Maybe to add to this, Cris, it's Yair. When you look about the go-to-market and the channels, we're becoming more and more mature with more channels, as I mentioned before, the OEM and the ability of us to leverage more verticals into -- through this channel and the discipline that Sagit is mentioning, not just the running cost of the operation, but also the cost of acquisition of customers.

So the ability of us to reach out to a number of customers, and you see in this report that we gained more than 5,600 customers. The cost of acquisition is really a major part of the way that we're disciplined in growing. And we know through the channel that we know how to manage this. So we can be looking forward into the end game of the adjusted EBITDA and the profit for next year in a very confident way.

Cristopher Kennedy - William Blair - Analyst

Understood. And then, just can you give a little bit more details on the Adyen partnership and maybe your ability to kind of consolidate vendors as you go forward?

Aaron Greenberg

Cris, this is Aaron. We're very excited about the partnership with Adyen to be able to partner with a really strategic global bank such as them, that allows us to really scale ourselves as a financial institution and allows us to be able to go and take each of our products, not only existing products, but new products that we will continue to come out with. And be able to easily get them to market with their single point of infrastructure. It's a lot easier to be able to integrate with them. And it allows us to be able to go into new countries.

We mentioned a few such as Brazil, Malaysia, Singapore, that are on our road map right now. But it allows us to essentially, as Yair said, be able to continue to scale and continue to reduce our operational costs in our CAC. We've already started to see some of the benefits of working with them. We'll continue to see over the coming quarters as we go live now. And we're working with all of our other processing partners as well to build these global partnerships that allow us to really leverage the pricing power that we have as a financial institution globally.

Yair Nechmad

Maybe to add to this, Cris, regarding how we look at the acquirers is not just the acceptance way. We're trying to see that even a global partner or even local partner, if you can bring a way that we can scale the business together in terms of the sales organization of the two companies, it's part of the way that we see ourselves relevant into the market. So it could be that some territories will work with local acquirers, although it's not the best efficiency in terms of taking it globally in the certification side, but its benefit to us in terms of foot on the ground and getting more and more, what we call salespeople that are coming to offer the Nayax solution.

And to remind everyone, I think, we are the global -- local partner of the unattended self-service that nobody has come close to what we are offering as a platform. And that's also the view of the acquirers that see Nayax as a way to deliver the self-service in the unattended market through the Nayax platform.

Operator

Our next question comes from the line of John Coffey with Barclays.

Owen Callahan

This is Owen on for John. I just wanted to also continue on that point on that partnership with Adyen. I was just wondering if you could provide a little bit more color on the integration process. You mentioned already seeing some benefits there, but just interested in kind of what stage you're in, in that launch process? And then also, if we could get a better sense of how you expect the partnership to benefit your kind of reported metrics over time, that would be super helpful as well.

Aaron Greenberg

Yes, absolutely. This is Aaron again. So we started the integration process with them roughly a year ago. The idea was to build our entire product portfolio with them and with other global partners as well. But to be able to build off of their infrastructure allows us to not only working on attendance space, but also in EV charging and some of our other segments. And as we go and expand into new countries, it will make the operational costs significantly cheaper. The integration is completed for the initial stage. We started to go live over the last couple of

weeks with processing transactions. We've certified all three with them with our flagship device, the VPOS Touch. And we're continuing to now roll out the processing with Adyen over the coming weeks and months here.

As we're looking into the future, we're going to continue to not only work with Adyen, but with all of our global acquiring partners. And I think what's really exciting about Nayax as we look into the future is, we've been a master integrator over the last 20 years. We have 48 acquiring banks right now. We know how to integrate with the banks and be able to provide an amazing single point of service for our small, medium, and enterprise businesses.

And regardless of whether they're in Australia or the UK or the US or any of the 120 countries that we're in, we're able to provide them an amazing service with one onboarding and the ability to accept up to 80 forms of payments, and that's what we'll continue to do going forward.

Sagit Manor

And maybe to add to what Aaron just said and to talk about a little bit of how that's reflecting the results. If you look at Q3 of last year, margins of processing revenues was almost 29%. We are now in the 33%, 34%. And such Adyen, a contract, and others like that will continue to improve our margins and to our -- as you know, to our end goal in 2028 of reaching 50% margins.

Yair Nechmad

Maybe I'll jump in just to make clear about what Nayax is and how we're driving some of the margin up. We can route transactions between the acquirers. It's one of the unique propositions that Nayax has a card presence that we can take a transaction after we certify the customer through a different certification of KYC, AML with different acquirers we can then route the transaction.

So actually, we can benefit from the way that we are analyzing every card, every bean according to the best price, and then we can route transaction accordingly. And that's part of what we call the global of Nayax and the way that we can operate like this, enable us to what we call secure our margin and increase our margins.

Owen Callahan

Appreciate that. That's great to see the benefit of your scale. And then, just a second question for me. In your slide deck, you break out the revenue by region, but it seems like you sort of lump in Latin America into the kind of rest of world category. Just wondering if you can give us an idea of what that kind of LatAm contributes to your revenue diversification and how we should think about the acquisition of VMtecnologia and how you expect that to sort of change the footprint in that market specifically?

Yair Nechmad

Sure. Absolutely. So obviously, VMtecnologia was our big splash to start with in Latin America, although we expect Latin America to become a big part of our revenues as we continue to move forward. It's growing very fast, and it's an emerging country in terms of unattended, much more recent than the US and Europe.

We see a huge opportunity as we're moving forward with VM growing very fast. We're continuing to invest money into that region.

As of right now, the region was put into the rest of the world as it's not to the materiality threshold yet. But as it continues to expand, we'll likely go and separate it out with the rest of the key regions, as we do see, the key region going forward.

Operator

Sanjay Sakhrani, KBW.

Vasundhara Govil - KBW – Analyst

This is Vasu Govil filling in for Sanjay. I guess the first one I had was on take rates. Those have been consistently expanding over the last several quarters. I know you've talked about the mix of verticals, which has helped that. Just any granularity on what verticals are driving that tailwind?

And if you have any visibility into the sustainability of that or potentially even further expansion?

Aaron Greenberg

Sure. So we're seeing tailwinds in some of these emerging verticals that are -- we've been really putting a lot of investments to over the last several years, and it's really starting to pay off now as we built everything off of a single platform. So even as we go into additional verticals, it's more of a Delta integration into those verticals. We take the same core platform and essentially add the additional feature functionality that allows us to quickly go and expand those verticals.

Some of the key verticals that we're seeing tailwinds in right now, EV charging, parking, laundry, micro markets are some of the examples. We're also seeing a lot of momentum in areas like car washes. So really, these higher ATV value transactions, which is also helping us in two key areas of processing, which is our take rate and our ATV, which is helping accelerate our processing revenues as we continue to grow.

Vasundhara Govil - KBW - Analyst

That's super helpful. And just I had one other question on just the longer-term growth algorithm and the emerging growth initiatives you've talked about.

EV is obviously one where you're seeing more near-term momentum, but you also have talked about a lot of other initiatives like attended retail and loyalty. Just curious where do we stand in the evolution of some of those initiatives?

Yair Nechmad

So there are initiatives. It's not a hidden initiative. I think some other -- of our industry, mainly on the restaurant and other attended businesses are doing what you call some of it. I talked about this a little bit, I think, a year ago and two years ago, and we are progressing quite nicely, and we see the future of this. It's all the what we call the embedded banking part.

And we know that this is a very high level of, I believe, a stickiness and loyalty and a very, very valuable by customers, and we have a statistic regarding how customers are appreciating this and the trend about the embedded banking is very strong.

We want to be very focused on what we're doing. We don't want to be a bank, but we're trying to see how can we help customers to, what we call, manage their financials better as we can support them. So this is a very, very strong trend to our belief.

Also trends that are already catching -- caught a lot of, what we call, attention in the US is the micro market. It is blended outside of the US, mostly through a smart fridge and smart location that has either micro market or smart fridge or sort of a smart fridge. And I think this is a very strong part of where we can globally can achieve a nice footprint.

We're seeing the blend coming towards Nayax between the unattended and moving to unattended with all the kiosks. And this is a very strong part that we see more and more our customers that are either stepping into some attended solution or attended -- they're stepping into the unattended. So there is a lot of, what we call, tailwind that we see a lot of opportunities that is a little bit different between North America, South America and Europe. But altogether, Nayax is positioned itself in a place that we can take most of this market in a very nice way under the platform.

Operator

Rayna Kumar, Oppenheimer.

Jake Kooyman - Oppenheimer - Analyst

This is Jake Kooyman on for Rayna Kumar. My question is, what potential impacts are you seeing, if any, from the outcome of the recent election? And also if you could provide any color on any trends you're seeing in the regulatory space at the moment?

Yair Nechmad

Well, this is a question for politician, not for us. But from my experience, I will start, maybe Sagit and Aaron will add to this. So my experience in the 20 years that we were in the business, we saw a lot of what we call macroeconomic impact coming to the market, but never affected our business. And I think the reason for this is, because we are working, and you can see the net retention is very high and the churn is very low.

We are talking about a lot of, what we call, customers that are dealing with a day-to-day product, which is not really affected too much, not from heavy capital, not from heavy potential interest and not from consumer behavior that potentially has less of, what you call, their money to -- or have some kind of a way to there to shrink or to reduce their spending. The position that we are -- the customers that we are serving are more protected to what we see. And they have also been very protected in the way that they operate their business

even during the pandemic, less of one quarter, I think we've been impacted and even that quarter was even positive in terms of net retention.

And then afterwards, it's come back to the rate that we are familiar with. So it's -- since we are serving more than 91,000 customers globally and 40% of it is around -- is North America. So, I think, we are the last one that potentially will be affected from any kind of, what we call, worsening the economy. And we're benefiting from the tailwind of the cashless, which is a very strong part of, what we call, the behavior of consumer and the ease of doing, what we call, business is part of the core of Nayax that support these customers to thrive.

Sagit Manor

Exactly. And maybe just to add, and that's to -- just I need to summarize or remind the audience about the resilience of our business model and our business in general. I always look at it at three and exactly as Yair mentioned, even in the pandemic, we saw that.

One, it's the small ticketing. At the end of the day, right, you're talking about an average transaction value of $2-ish that go through our devices. Two is the geography, exactly as Yair said, the fact that we are selling our product in 120 countries. And three, is the vertical. So, it's the 40-plus verticals that we're in.

So usually, those changes are not impacting our product and our results as maybe that can impact other companies.

Operator

There are no further questions at this time. And I would like to turn the floor back to CEO, Yair Nechmad, for closing remarks.

Yair Nechmad

Thank you all for joining us today. This quarter results highlight our continued momentum and success driven by our focused profitable growth. We are confident in our ability to continue delivering value to our customers and shareholders.

I would like to thank our employees, our partners and their hard work in bringing us to our first quarter of net profit. We look forward to building on this success as we enter our next phase of growth. Thank you all.

Operator

And this concludes today's conference, and you may disconnect your lines at this time. Thank you for your participation.

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