Nayax

**Fireside Chat at William Blair 45th Annual Growth Stock Conference**

**June 4th, 2025**

**PARTICIPANTS**

Aaron Greenberg - Chief Strategy Officer, Nayax

Sagit Manor – Chief Financial Officer, Nayax

Cris Kennedy – Analyst, William Blair

**Cris Kennedy:**

Good morning, everyone. Welcome to day two of the William Blair Annual Growth Stock Conference. This is the 45th edition. We appreciate you attending both in-person and online. My name is Cris Kennedy. I'm the research analyst at William Blair who covers the fintech and payments space. For a complete list of research disclosures and or potential conflicts of interest, please visit our website at williamblair.com.

Next up, we have Nayax. From the company, we have the CFO Sagit Manor; and the Chief Strategy Officer, Aaron Greenberg. Nayax was founded in 2005. They came public in Israel in 2021, and they were listed in the U.S. in 2022. The company is a leading provider of software and payment solutions primarily focused on the unattended retail market. I've been tracking this company since 2018. This is the third year of them attending the conference, so we appreciate their attendance. I'll pass it over.

**Sagit Manor:**

Thank you. Thank you, Cris. And hi, everyone. It's nice to see a full house. It's nice to see also familiar faces. Okay, so let's start. So for those who are not familiar with us, we are in the unattended space. What does it mean? It means that we are in 44 different verticals in the massage chair, kiddie ride, laundromats, car wash, EV parking, EV charging, parking, and many, many other verticals.

But we have a very simple mission to simplify the life of our customers both on the commerce and payment side with three things. We help them raise their revenue, increase their

revenue, decrease their cost, and create that loyalty, that engagement with their customers. Sounds easy. Let's dive into it.

So a little bit about 2024 before I dive into the Q1, a little bit on the Q1 numbers. So we are growing significantly year-over-year. For the last four years, we were able to show – since we're public – we were able to show between 30% to 35% increase on the revenue. We finished 2024 with $314 million. We are very strong on the recurring revenue side. You can see that significant around 70% of our revenue is recurring. And I'll get to the business model just in a second. Very high margins of 45%. That's what we were able to show in 2024. And if you look at the bottom right, you will see that we have a very high net retention rate of 129%. Q1 was 128%, almost the same with a very low churn rate. And I'll talk a little bit about also a little bit more. We have 11 offices around the world. We are the only global company in the unattended space. We have around 1,100 employees selling our products in more than 120 countries. So we'll talk about global in a second.

So a few KPIs that we are very proud of that we are measuring our success through that we were able, whether you look at the transaction value, the number of customers or the managed and connected devices that we have, we were able to triple the number of those metrics during the last few years.

So a bit about Q1. So we finished the quarter with $81 million, high, very significant margin expansions. We've got – we were able to achieve 49%. We achieved another beautiful milestone of 100,000 customers, something that we are very proud of. And we have today the largest number of managed and connected devices of 1.33 million devices.

The unique business that we are in is that most of the customers that we are working with are small businesses. And when I talk about small, I talk about between that they have between one to 15 devices. So very small customers, 76%, you can see that on the left side, the low customer concentration. 75%, 76% of our customers are small businesses, as I said. So no dependence on one particular customer for that matter. And I'm sure now you appreciate even more the high net retention rate and the low churn rate.

In addition to that, we are, as I said, global, 40% each of our revenue comes from North America, around 40% from Europe. I take into account UK of course, we expanded into Brazil last year and continue to do that in Latin America, and of course, Australia and the rest of the world.

So what's our business model? Our business model is comprised by three verticals, if you will, of three revenue streams. We have the hardware sale, which is usually a one-time sale that we do on every device that we sell. Although we do have the ability to sell it through leasing or with installments. So basically, provide any way of our customers to buy the device in an

easy way. But we like the hardware because it's the lock-in, it's the enabler of the recurring revenue.

And the recurring revenue is comprised from two. You have the SaaS, which is basically a monthly – a fixed monthly fee that our customers pay per month per device for connectivity to our management suite and telemetry. And then we have the processing fee that we are charging for every transactions that are going through our devices. 2024 we had almost $5 billion of transactions going through our devices.

So we are considered one of the top 50 customers of Visa, for example. So it's strong purchasing power that allows us to improve, continue to improve our margins both on the processing and on the services as well. So, we talked about that strong recurring revenue stream. More than 70% of our revenue is recurring, so predictability is there for the rest of the year of what the revenue would be. And then we spoke about the high net retention rate, which means that customers that bought from us a year ago will continue to buy and increase their revenue and we will increase our revenue with them.

**Aaron Greenberg:**

So in terms of our go-to-market strategy, we have a very unique, multi-pronged approach in terms of our go-to-market strategy. We're in 120 countries around the world. We do financial payments in over 80 countries around the world. We act as a payment facilitator in most of the major jurisdictions that we're in, whether it's in Europe or the UK, the United States, Australia, et cetera.

So we're a global financial institution. And when we're going and putting this out to the market, we go to the market in several different ways. First and foremost, our main customer is the small merchant, somewhere between one and a couple hundred devices is generally the sweet spot of where we see our customers. About 75% of our revenues are the nano merchant or SMB customer.

We do also have enterprise customers as well across many of the different unattended verticals that we're in. But the way that we built the business model is to be able to go out to market with the SMB with as low of a CAC as possible and then be able to lock in the customer and be able to get a very high recurring revenue stream, as Sagit mentioned. So, just to give some examples, we have 2,400 OEM manufacturing partners that we work with around the world. These are people that we sell the devices to. They go and put it onto their machine, whether it's a vending machine or a coffee machine or an EV charging station, and then they go and sell the full product with our device. We have almost 900 resellers around the world

that resell our devices. We have 120 distributors around the world, of which 80 – which distributors are in over 80 countries around the world. We have 10 online eShops as we started to roll out to the nano and SMB markets.

We have 11 global offices around the world that are for our direct sales. These are more focused on some of the mid-sized to larger customers in terms of our 40 plus sales managers, direct sales managers around the world, but we have global sales offices in the U.S., UK, across Europe, Germany, Netherlands, and several other parts of the world. And they're able to help both with the direct sales as well as the support.

And then we have around 50 financial partners that also help with selling our equipment and services. And the way that our business model works essentially is as Sagit mentioned, we sell the hardware. We then have, in 2024, we had about $215 ARPU, which is considered to be our processing and our SaaS, of which the gross margins on that are over 50%. So we're getting more than $100 per year per device just on recurring gross profits. And that's really the long-term business strategy, is to get the hardware out there in the field.

We're fortunate that we're able to have very good pricing power as well and very good cost efficiency in the supply chain, to be able to have strong margins as well on the hardware. But in terms of the long-term gross profit growth, we see significant growth coming from the recurring side of the business, with recurring revenues growing more than 40% year-over-year, with ARPU also growing, last year grew 12% year-over-year between the processing and the SaaS.

In terms of our long-term growth strategy, we start with winning the new customers, whether it's the SMB, the nano merchants, or the enterprise customers. And then it's a flywheel effect. We look to sell in multiple different ways, whether it's to go and take enterprise customers into different countries, going and innovating new solutions for our customers in order to be able to give them or to get them to go and buy more product from us, or entering new emerging growth verticals, whether it's EV charging, parking, micro markets, et cetera. And then cross-selling those into our customer, which is important to mention because our net retention rate has been nearly 130% for the last several years. And that's a big part of our growth strategy is to be able to not only get the customer initially, but to be able to retain them and to be able to have them grow with us. It's a flywheel effect, a land and expand type of model that we've had over the years.

And then the last is that we also do inorganic growth activity. We tend to buy two to three companies a year and these tend to be smaller companies in a general consolidation strategy, customer acquisition, distributor consolidation of some of our distributors strategically, when it makes sense to open up a global office. We just did that a couple of

months ago with the Inepro Pay acquisition. But we had a lot of success over the last 10, 15 years doing this, including with our U.S. office.

The customer acquisition in various regions like VMtecnologia and UPPay over the last year, for example, and then technology acquisitions, whether it be Tigapo in the arcade gaming space VendSys in the enterprise VMS software side. So, this is generally speaking our M&A strategy. And the way we've broken it out is that our organic growth activity has always been the vast majority of our business, of our growth growing 35% organically over the last many years. As we look into this year, we've expected that the 25%-plus is going to be organic growth, while 5% to 10% of the business is going to be inorganic growth activity.

Now I want to spend a little bit of time for the remainder talking about a couple of different growth areas that we see within the business. In Nayax, as Sagit mentioned, we're in 44 different unattended verticals, and we want to win the entire unattended space. And what we see over the years is on the left, we have the VPOS Touch and the Onyx, which are our flagship devices. The VPOS Touch is the main seller, while the Onyx is a contactless only version of the VPOS Touch in the same family. And this device is a catch all. It's an all-in-one reader that is able to be retrofitted onto a vending machine, put onto an EV charging station, it can be used for anything. It can be sold directly to the OEM for a new machine. It can be used as a retrofit, but it's its own all-in-one computer. It can manage on its own with a power supply, it has its own SIM card, et cetera.

What we've realized is that there is a market as well for an embedded solution as we start to move forward, a lot of the OEM manufacturers were saying, especially for lower cost equipment, whether it be a slow EV charger, for example, that might be in the hundreds of dollars or a smaller vending machine that might be, I don't know, a $500, $1000 machine or a coffee machine, for example, exactly, where they say, okay, a $300, $400 piece of equipment for a credit card reader doesn't make sense to basically double the cost to my customer.

I need a cheaper solution, but I need a contactless solution. I need something to be able to accept credit card payment because otherwise my customer won't buy it. So, we've spent a lot of time over the last few years since the acquisition of OTI that gave us a lot of the technology we needed to be able to do embedded payments to really create a one-of-a-kind solution for the market. And that's where we started to release the embedded series. Specifically, our main focus is on the middle there, which is the UNO-Mini, which we are releasing here as we speak. And I'll talk about it a little bit later in terms of one of our first customers, which we announced this morning.

But the idea of the UNO-Mini is to be able to give a reader for under $100 to the OEM manufacturer to be able to have them embedded within the actual machine. So, they actually, we help them in the development process with going through the certification with an EMV reader. And then they're able to go and sell that machine with that reader across globally. And because it's not utilizing its own SIM card, it's one SKU, they can go and use it across the world. It's connected to a smart machine. So it has to be an operating machine that has some sort of an operating system that can go and take an internet connection. But this is a great solution for a lot of the newer types of machines that are coming out there, especially with EV charging stations, which has been a – which has been in need for many years now.

So, in terms of our energy offering, I want to talk now about EV charging specifically, because we've gotten a lot of questions about this, in terms of, what is our EV charging payment strategy? What are we trying to do in the payment space for EV charging? What makes us different in this space? And we've spent the last – call it – eight or nine years going and building out our platform for EV charging. We were one of the first to go into EV charging for card-present payments. We have amazing partners around the world, including Electrify America, EVgo and many others around the world where we have been able to put our VPOS Touch mainly onto DC fast chargers, which you'll see on the left, and be able to accept card-present payments at these locations.

We then decided over the last couple of years that if we want to get the entire vertical payment stack of EV charging, we need to go even deeper with the machines. And our goal is to be able to get all of the payment stack, whether it's card-present, card-not-present. We want to be able to have the customer on board with us, have one contract with us, and us be able to handle everything, reconcile it all for them, and do one payout. This is the most common pain point in EV charging. There's been studies over the last few years in the U.S. where up to 25% of the EV charging stations are offline, with the number one reason being poor payment integration.

They go and do a software update, for example, but if you have one provider for card-not-present payments and another one for card-present payments, and you don't go and do this correctly and you're doing firmware updates all the time, it can break relatively easily. And so, this is something that we really want to push forward. We came out in the last year with an EV Kiosk solution first for the card-present side. This allowed us to be able to take a group of machines, a group of EV charging stations, whether it's a bunch of AC chargers in a apartment building for example, or a group of DC chargers and be able to easily communicate with each of these remotely using OCPI roaming protocol that we've released over the last several months with a lot of success so far.

The third here was the ability to do embedded payments, which I believe is going to be most relevant for the AC charging, the slow charging markets, where cost is a huge factor, as opposed to DC charging where DC chargers can reach up to $100,000 plus. AC chargers tend to be from hundreds of dollars to the low thousands of dollars.

And then finally, the e-commerce payment. Why is the e-commerce payment important? Two reasons: one is the pain point that I've already mentioned, and the second is that we see that the majority of EV charging payments today are still on the e-commerce side. So while we have a dominant market position for card-present payments, we have all these existing customers that are already using us. We're actually getting the minority of the payment volume, and we believe that over the coming years, we can really increase that ARPU with the EV charging customers by also selling them the e-commerce payments, which is specifically for mobile application.

So it'll be an e-commerce SDK, payment SDK that allows for any of these EV charging operators to be able to go and accept mobile application payments. We announced towards the end of last year that we're partnering with Adyen on this, and we're expected to release this over the coming few months to our first customers, which we're very excited about.

The last thing that I want to talk about is the partnership that we announced this morning, which really gets into our EV charging strategy for the embedded payments. Lynkwell is one of the top 10 EV charging operators in the United States with thousands of EV charging stations already. They've been around since 2016. They're one of the only EV charging operators that is a U.S. company that is also manufacturing Buy America compliant EV charging stations. And we felt that, especially in this macro environment, that we needed to be able to partner across the entire EV landscape, but particularly speaking, needed to also have a strong relationship with companies that are able to sell with Buy America compliance equipment for this current market environment. And we thought that Lynkwell was an amazing partner to be able to partner with here.

They had a significant challenge, which was that they're coming out with their new EV charger, their AC charger that they started manufacturing in August of last year. But they were accepting all the payments via mobile application payment. Why? Because the credit card readers were too expensive. And it didn't make sense for their customers to go and spend this amount extra for the equipment. So we gave them the UNO-Mini. We've been working on integrating that with them over the prior – over the last few months. And they will be the first ones in the United States that is releasing a Buy America compliant EV charger with our UNO-Mini. And they've selected us, that we announced this morning, that they

selected us as preferred payment supplier for cashless payments for them over the coming years.

I will stop there and Cris, if you have any questions. Thank you.

**QUESTIONS AND ANSWERS:**

**Cris Kennedy:**

Sure. Thank you for that, and we will open it up for Q&A. So if you have any questions, please raise your hand.

Thanks for all the information. You talked about the embedded solution. You talked about how hardware would be a lower cost hardware. But can you just talk about the economics of that embedded solution relative to your core business?

**Aaron Greenberg:**

Yes, absolutely. So with regards to how we look at it, as I mentioned, from our perspective, the way we're looking at our long-term growth is not the hardware growth, but the managed and connected growth. So we've seen that even as hardware top-line has slowed over the last years, the managed and connected growth has continued to be high last year being in the 20s with regards to managed and connected growth.

And the managed and connected device growth is what's bringing the recurring revenue growth of more than 40% a year last year. And as we look forward, really, what we've been focused on is the recurring revenue growth because hardware is a one-time sale, right? So if we can continue to increase the amount of recurring revenue, it makes it a much stickier business for us. It makes it a lot more or a lot easier for investors to be able to understand where we are going with regards to the company as well, right, with less variation between quarter-to-quarter.

So with regards to the economics, on the hardware side, it's less, as I mentioned, with regards to the ARPU, there's similarities in terms of the amount of ARPU that we're looking at. Depends on the vertical that we're in and depends on which end segment, but we're still accepting all the same payments with the same cost for payments with similar – either a similar monthly service fee, or in some cases, we build it into the price of the processing

basically. So it's – it dependent, we have flexible business models for our customers with this equipment and it's still something that we've been working on as we roll it out into the market.

**Cris Kennedy:**

And then broadly, if you could just talk about how your vertical mix has evolved and what it means to your business. In the old days, we think about vending machines – food and beverage vending machines generating very low ticket sizes. But fast forward to today, you've got smart stores, you've got micro markets, EV charging, which generates a lot more volume per device. So just talk about that evolution, what the opportunity is?

**Sagit Manor:**

Sure. We started with, as I think that the majority of the business is with the vending machine. Vending machine is – then there's a lot of areas of vending machines – so it can be the Coke and the water that you remember, that you know, there might be a vending machine for sandwiches. But so, there's a lot of vending – a variety of vending machines. However, over the time we grew into, and funny enough, the growth to other verticals came from our existing customers. Well, for example, they had a car wash and they wanted to open next to it laundry machines, laundromats. So that's where we evolved into these 44 different verticals. If legacy was more of a vending machine, we see a lot of growth into kiddie rides. We see growth in, obviously, the EV charging, parking is a very strong one, and I think these are kind of the...

**Aaron Greenberg:**

Laundry, arcade games.

**Sagit Manor:** One thing that it's important to remember that this, the market that we're in, we believe that there's 45 million devices out there today, growing to 60 million devices. I'm talking about the vending machine, massage chair, et cetera by 2029. So it's already out there accepting cash today. And we are here to change that or to convert them from cash to cashless. We know how to work with the cash as well. So be a solution, a vending machine that can accept both or complete retrofit from cash to cashless.

And this is a very important point to make because the machines are already there, right. We need to get to them, that's why we're using so many distributors. We will not be able to do it ourselves. But we also work, as Aaron mentioned, with the OEMs. So when a new machine goes into the 15 million additions that will go out to the field, we will be able to capture that from the manufacturer wherever it is, mostly in China. And go into the market already with the Nayax, the yellow Nayax device.

**Cris Kennedy**:

Thank you for that. Can you just talk a little bit about the geographic expansion you entered Brazil last year? Can you just talk about kind of how the competitive market varies between geographic locations?

**Aaron Greenberg:**

Yes. So we're the only, as we've mentioned many times in the past, I think we're the only global unattended payments company, which means we're going in all these verticals, regardless of the region, we're on every continent, around the world except for Antarctica. Maybe one day we will. But what we see is a lot of opportunity in some of these emerging growth markets, such as Latin America. We started to look at the market and saw that Latin America was really the only continent that we hadn't made a strong foothold yet.

Maybe you can argue that in some parts of Southeast Asia we have some opportunity as well. But Latin America, specifically Brazil, was one that we had a lot of opportunity in and still have a lot of opportunity in. And we decided, as we go into each region, we generally make a decision, do we want to go in organically, either by opening our own office or normally by setting up a distributor, or the latter being to accelerate the path of growing in that region by going and buying a company and taking that management team and growing with that platform.

And we chose, in the case of Latin America, to do the latter. We bought VMtecnologia in April of 2024 and then UPPay at the beginning of this year, with those two companies giving us about 50,000 managing connected devices and a very strong management team to be able to grow into that region. And as we start to look at other parts of the world, as I mentioned, I think that there's opportunity still in Southeast Asia. We opened an office in Asia, hiring a general manager in Singapore at the beginning of the year.

And we're finding ways to continue to press our devices into each of these Southeast Asian countries. Pretty much everywhere outside of China and India have been a target in terms of payments within those countries. With regards to China, as Sagit mentioned, we do have an office in Shanghai. We have a very good market in China, but generally, with regards to exporting the devices outside of China, we haven't tried to compete on the payment side within China.

**Cris Kennedy:**

Got it. We're going to have to wrap it up there. Thanks everyone for joining us today.

**Sagit Manor:**

Thank you.

**Cris Kennedy:**

Have a good day.

**Aaron Greenberg:**

Thank you.

***