

## **Nayax's first quarter 2025 earnings conference call transcript**

**May 13<sup>th</sup>, 2025**

### **COMPANY PARTICIPANTS**

Aaron Greenberg - Chief Strategy Officer

Yair Nechmad - Co-Founder and Chief Executive Officer

Sagit Manor - Chief Financial Officer

### **CONFERENCE CALL PARTICIPANTS**

Hannes Leitner - Jefferies

Sanjay Sakhrani - KBW

Josh Nichols - B. Riley

Nik Cremo - UBS

Cris Kennedy - William Blair

Rayna Kumar - Oppenheimer

### **Operator**

Hello everyone and welcome to Nayax's first-quarter 2025 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 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](http://ir.nayax.com).

As a reminder, during this call, we'll 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 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 for joining the call this morning as we share our results for the first quarter and highlight the progress we are making across the business. Nayax is off to an excellent start in 2025 as we continue to execute on driving profitable topline growth, improving our recurring revenue mix, increasing our market share, and expanding our geographic footprints.

As a key milestone, we entered the quarter with more than 100,000 customers globally, which is a testament to both Nayax being a trusted partner and leading payment company. I couldn't be more pleased with where we are today as an organization as we continue to scale the business for the long term.

Revenue for the quarter saw a strong increase of 27% over Q1 2024, reaching \$81 million and grew by 28% over Q1 2024 on a constant currency basis to \$82 million driven by continuing momentum for both new and existing customers.

Most notably, the current revenue grew by an impressive 35% of the Q1 2024, representing 77% of total revenue in Q1, compared to 72% in the same quarter last year. This growing share

of high margin recurring revenue continues to demonstrate the strength and resilience of our business model, a critical driver to our long term growth and profitability targets.

Turning to profitability, adjusted EBITDA came in at \$9.7 million for the quarter, representing approximately 12% of total revenue. This underscores our discipline focus on delivering profitable growth while expanding our top line.

I would now like to highlight three key performance indicators for the quarter that we consider primarily a measure of growth.

First, total transaction value increased by more than 18% over Q1 2024, reaching more than \$1.3 billion, which combined with higher take rate of 2.75%, drove strong processing revenue growth for the quarter. Second, our customer base expanded by more than 30% since Q1 2024, reaching more than 100,000 customers at the end of Q1, up from 95,000 at the end of 2024. And third, our install base of managing connected devices go by 20% since Q1 2024 to more than 1.3 million devices at the end of the quarter.

These KPIs reflect not only the momentum in our business and the underlying strength of our platform, but also demonstrate the flywheel effect and the success of our go-to-market strategy.

I'd like now to share some customer success stories and key developments from the quarter that highlights our continuing expansion in the automated self-service space. In Q1, we launched our cloud-based food service kiosk solution in the Brazilian market, a key step in our retail strategy.

This rollout brings our modern cloud-based POS software to a market that is still dominated by legacy providers with limited automation and population of over 200 million people.

We are already seeing our solution deliver strong customer value, and we believe Brazil will present significant potential in this vertical. Looking ahead, Latin America remains a strategic growth region in one of our fastest-growing markets.

We also announced a strategic partnership with group to launch next-generation smart screens for OEMs features embedded payment capabilities. This collaboration is a strong testament to our commitment to delivering seamless embedded payment to our OEM partners who typically bring high-volume deployment and enhance customer stickiness.

In addition, we are seeing strong momentum in two high-potential self-service vertical micromarket and smart coolers. Our end-to-end control of hardware, software, and payment processing sets us apart from competitors that rely on third-party system or lack of infrastructure to operate as payment facilitators.

This integrated approach delivers higher reliability, greater uptime, and fewer operational issues for merchants. By managing the full payment flow, we eliminate the need for third-party onboarding and enable faster, more transparent transactions. We view these verticals as important drivers of our future growth.

Finally, as part of our continued investment in the EV charging space, we deepen our presence in these key verticals by expanding our customer base and securing more strategic partnership with leading OEMs, charge point operators, and charging software platforms.

For example, we expanded our partnership with BTC Power, one of the largest OEM providers of EV chargers in the US, who selected Nayax as their preferred cashless payment provider. Our partnership will provide BTC Power with the leading payment technology in the EV industry, giving the customers a best-in-class combined platform.

We also introduced a new feature for our EV kiosk product that enhances user experience by clearly separating card-present payments for mobile access to charging station details. Simplifying the customer experience and reinforcing our role as leading provider of integrated payment solutions for the EV ecosystem.

With each of these customers success stories and key developments, we continue to establish Nayax as leading provider of cashless payment and management solutions, driving innovation and growth across multiple industries and markets.

Let me now turn to recent acquisitions.

In February, we acquired Uppay, a leading digital payment and telemetry provider for automated service coffee machines in Brazil. This acquisition, combined with our 2024 purchase of VMtecnologia, expands our reach to more than 50,000 managed and connect devices across Brazil, strengthening our position in the Latin America market.

During the quarter, we also completed the purchase of the majority of shares of Tigapo Ltd., an associate company focused on family entertainment centers. We acquired an additional 30% of Tigapo's shares, increasing our ownership from 54% to 84%.

In April, we acquired Inepro Pay, our long-standing distributor in the Benelux region. This move continues a strategy of consolidating distribution channels, improving operational efficiency, and bringing us closer to our European customers through the establishment of a full-service Nayax office in the Netherlands.

Europe remains a core market, accounting for approximately 36% of our global revenue in 2024, and this acquisition reinforced our commitment to growing in the region.

Looking forward, we are excited about our near-term growth opportunities, and our business fundamentals remain solid with a relatively low penetration of cashless solutions in both unattended and attended markets. Our TAM is large and growing, driven by the shift from cash to digital payments.

While we continue to pursue strategic M&A, organic growth remains our primary building block and will continue to be the main driver of our growth. With our expanding pipeline, we are well-positioned to continue outpacing the broader payment industry and delivering exceptional value to our customers.

With that, we are reaffirming our fully 2025 guidance. Furthermore, we are confident that we can consistently expand our revenue and margin over the coming years to achieve our 2028 annual target. With that, I'll turn it over to our CFO, Sagit Manor, who will review our financial results in greater detail.

### **Sagit Manor**

Thank you, Yair. And good morning, good evening, everyone.

I'll start by reviewing our solid financial performance for the first quarter and then discuss our outlook for the full year 2025, which, as Yair mentioned, we are reaffirming.

Revenue for the first quarter was \$81 million on a reported basis, an increase of 27% over Q1 2024, as we continue to gain market share, adding nearly 5,000 customers this quarter.

On a constant currency basis, revenue was \$82 million, representing a 28% increase over Q1 2024, with an impact of approximately \$700,000 due to foreign currency volatility in the quarter.

Organic revenue growth for the quarter was 18%, which is consistent with our prior year of first quarter performance and the seasonality of the business. We expect organic revenue growth to accelerate throughout the remainder of the year and are confident with our guidance of at least 25% organic growth for the full year.

Recurring revenue, which includes payment processing fees and fast subscription revenues, increased by 35% compared to last year's first quarter to approximately \$62 million and represented 77% of our total revenue in Q1.

The favorably improving recurring revenue mix was driven by strong expansion in the US, European, and the Brazilian markets. Most specifically, processing revenue grew by 30% to

\$37 million in Q1, driven by three main factors. First, an impressive 20% increase in our installed base of many and connected devices.

Second, a strong, nearly 18% increase in dollar transaction value, and third, a higher take rate of 2.75%. This processing revenue growth continues to demonstrate our success as a scalable and valued payment partner to our diverse customer base as the market continues its cash-to-cashless conversion.

On a sequential basis, Q1 processing revenue was in line with Q4 2024. Historically, processing revenue growth is seasonally slower in the months of January and February, with greater acceleration in March and the remainder of the year.

As we look to Q2, processing revenue growth to date is in line with prior year growth rates and is within our internal expectations. Hardware revenue in the quarter was \$19 million, with strong demand for products, solutions, and technology supporting both the unattended and attended markets. This represents a 6% increase over Q1 2024.

In the quarter, we added more than 69,000 managed and connected devices to our installed base, which includes 44,000 devices organically and 25,000 devices associated with our acquisition of Uppay. Many connected devices increased 20% over Q1 2024, reaching more than 1.3 million devices at the end of the first quarter.

Moving now to profitability and margins for the quarter. Gross margin was 49% compared to 44% in the last year's first quarter. More specifically, our carrying margin increased to 52% from 50% in the prior year quarter as we renegotiated key contracts with several bank acquirers and improved our smart routing capabilities.

On the hardware side, our margin increased significantly to 39.5% compared to 27.3% in Q1 2024 and 30% for the full year 2024. While Q1 was an extraordinary quarter for our hardware margin. It was driven by customer seismics, the continuing optimization of our supply chain infrastructure, and better component sourcing and cost.

For the full year, we currently expect hardware margin to be higher than last year and within the range of 30% to 35%. With respect to tariffs, as previously disclosed, we are holding our current household pricing for US customers steady, despite new tariffs being imposed on imports to the United States.

This decision underscores Nayax's commitment to our customer growth and their operational excellence while showcasing the strengths of our global operations.

As for the rest of the world, we will continue to actively monitor its impact on our business to ensure we adapt and thrive positively. While total revenue grew by 27% over Q1 of last year,

total gross profit grew significantly more by 43% to nearly \$40 million. Adjusted OpEx of \$30.5 million was 38% of revenue, better than last year's first quarter, and a testament to our disciplined cost management.

Adjusted EBITDA increased to \$9.7 million, representing 12% of revenue compared to 6% of revenue, a solid improvement of more than \$6 million compared to last year's first quarter, and demonstrating the continuing scaling and operating leverage of the business.

Other income was \$6.1 million, which includes a one-time gain from obtaining control of Tigapo. Operating profit was \$7.9 million for the first quarter, excluding the one-time gain associated with Tigapo, operating profit would have been \$1.8 million a significant improvement from an operating loss of \$2.8 million in last year's first quarter.

Net income for the quarter was \$7.2 million or an EPS of \$19.5. Excluding the one-time gain related to the share purchase of Tigapo, net income would have been \$1.1 million, a significant improvement of \$6.1 million compared to a net loss of \$5 million in the prior year period.

Turning to our balance sheet. In March, we completed a note and warrant offering, raising net proceeds of approximately \$133 million. We used some of those proceeds to repay higher cost of short term and long-term debt, optimizing our leverage ratio.

At March 31, 2025, cash and cash equivalents and short-term deposits totaled \$176.8 million, while short and long-term debt was \$142.2 million, maintaining a solid balance sheet and net cash position. Looking at cash flow, we generated \$1.3 million from operating activities.

Free cash flow for the quarter was negative \$5.7 million mainly due to the timing of cash settlements from processing activities.

Turning now to our outlook and referring to our forward-looking information disclosure in our press release. For the full year 2025, we are reaffirming our financial outlook of revenue growth of between 30% to 35%, representing a revenue range of \$410 million to \$425 million on a constant currency basis. This includes an organic revenue growth of at least 25%.

Consistent with prior years and reflecting the seasonal nature of our business, we expect stronger performance in the second half of the year, driven by continued revenue growth across both tier one and SMB customers.

Our guidance for adjusted EBITDA remains unchanged at between \$65 million to \$70 million, driven by continued revenue growth, market expansion, the full integration of recent acquisitions, and continuous operational optimization.

We also expect at least 50% free cash flow conversion from adjusted EBITDA for the full year 2025. As Yair reiterated, for 2028 targets, we continue to project an annual revenue growth of approximately 35%, driven by a combination of organic growth and strategic M&A.

We also continue to target a gross margin of 50% and an adjusted EBITDA margin of 30% as we continue to drive high margins, fast revenues, and operational efficiency.

In closing, we are extremely well-positioned for future growth in 2025 and beyond, as we continue to grow our install base globally and capture market share. We'll also continue to focus on scaling or returning revenue streams, in particular our payment processing capabilities, which benefit from the conversion trend of cash-to-cashless transactions.

And now turn the call over to the operator for a Q&A session. Operator?

## QUESTION-AND-ANSWER SESSION

### Operator

[Operator Instructions]

Thank you, and our first question is from the line of Hannes Leitner with Jefferies.

### Hannes Leitner - Jefferies

Got a couple of questions.

Maybe, I mean, you mentioned a couple of, comments around the growth acceleration. Maybe you can just break it down into maybe the end markets where you see that, also your comment around EV that you ship there some cheaper things. How will that add to the whole thing. Then the second question, is like, on the cost optimization. You talked about 30% to 35% hardware margins for this year. That's still a very good improvement. Maybe you can talk then what is the next step to get to improve that and on the hardware side it looks like you had lower priced items if you look at the average cost per per hardware device and then maybe just like one thing on your transaction volume. It looks like the third quarter in a row that transaction volume had been flattish. Maybe you can talk a little bit about the underlying trends and what kind of hampers the the growth in payment processing.

## **Yair Nechmad**

I'll start and Sagit will continue, regarding the growth of, the future growth of Nayax. I think I can mention.

Fresh from the ground, okay. I just came back from the NAMA show. I've been in a few shows, and the teams are all over the world in terms of shows, even right now, in China shows, the OEM shows. We're very confident regarding the OEM part, coming from what I, what we see now very clearly regarding machines that need to be equipped with the Nayax devices connecting, as we call it as a pulse device. And we see this is a very strong part of the future growth of Nayax, which we actually didn't touch it as as we are doing today. So we get a very good confirmation for this.

The second thing is, personally I've been in in the NAMA show which the vending industry shows in the US is the largest show, in the North American market, and we do have. In our hands, tier one customers that, showing a high intention to put the orders this year and it's a major numbers of orders that they're going to put this year and the relationships that we have with them, gave us a lot of confidence regarding the needs and it's a must have from their perspective.

And third from the shows coming from Europe, from the EV that just finished last week, we're seeing our fit into the market as the best solution for the market. As we developed a kiosk solution. We have a fully integrated solution in terms of the telemetry and management and the ability of us to have a retrofit solution for payment.

So if you are, if I summarize this is the OEM is a very strong power that will come to light. EV is a very strong part that we think the product fit to the market and securing a tier one customers, orders give us a very high confidence that, this year will be an excellent year.

## **Sagit Manor**

And thank you, Hannes, for your question about the gross margin, generally speaking, yes, it was an excellent quarter from a continuing margin expansion as we've shown in previous quarters. And specifically for the hardware, margins, we continue to improve our supply chain infrastructure and cost optimization, continue the integration of recent acquisition that also helps, with the hardware margins.

You also asked about the costs, yes, both, the product cost, we saw a continued reduction and improvement as well as a higher ASP. And selling price this quarter because Q1 is usually

higher and you can see that from our distribution on the, customers that 76% of the revenue came from small businesses, usually, showing a higher ASP.

The question about the transaction value and as historically, Q4 is a Q3 is very high. Q4 is more or less the same as Q3 and Q1 as well is slowly start the year. January and February specifically. And it was slower, but as we've mentioned, before, March, looked great, April as well. And as I said, the quarter to date, we see the as expected, the transaction value going on.

## **Operator**

Josh Nichols, B. Riley.

## **Josh Nichols - B. Riley**

Just to dig a little bit deeper some. The gross margin expansion when you look particularly at like the recurring piece overall, I know you've made some good progress on some of the transactions or new agreements that you have with the banks given that you expect the the recurring piece of the revenue to ramp up and be particularly stronger in the second half of this year.

Do you expect that gross margins are going to see some expansion as we move throughout the year, or what do you think of the cadence for gross margins for the rest of the year from where they are today?

## **Sagit Manor**

So first, thank you for highlighting that indeed, the margins, are not only improved because of the hardware margins, but also from the recurring revenue standpoint. Recurring margins improved from 50% to 52%, and it's exactly as you said, our ability to renegotiate with the acquirers because of our growing purchasing power. Again, 650 million of transactions went through our devices in Q1. So definitely that helps to improve the margins, as well as the smart routing from our side, the ability to control where the transaction is going, which again, gives us the ability to control and to improve, the cost of the transaction and the margins as well.

When I look at the remainder of the year, I see margins of the recurring revenue, stay around where they are. So if I open the recurring revenue from a service perspective and SaaS, it's

going to be in the regular range that we know between 76% to 78%. If we look at the margins on the processing revenue and we know that that improved significantly from five quarters ago that it was around 27%, 28% to the 35% that we see right now. I'm expecting that to stay in the around the 35%, 36%.

And add to that the hardware margins that we expect to be between 30% to 35% as I just mentioned. I see a solid margins, executions, and as we said, continue the margin expansion, as we continue in 2025.

## **Josh Nichols - B. Riley**

Thanks for providing a little bit more color then, just curious, how should we think about the split between, hardware for for these device sales and the current piece? You did mention that there's some interesting opportunities in like smart stores, micromarkets. Presumably those are much higher value right than just selling like a reader. So when you look at at the expectations for growth this year '25 organic with total revenue \$410 million plus like how should we be thinking about the growth in the device sales versus the recurring piece overall?

## **Sagit Manor**

Yair. Maybe you would like to start with the the success we had recently in various trade shows, including NAMA.

## **Yair Nechmad**

Yes, again, the, regarding the growth, most of the growth is coming there in terms of the hardware is coming from the VPOS Touch units and which is the main flagship of growth, although, this is the lower price in terms against the fridge or against the micro market.

It is still the volume that creates most of the growth. I have to admit that even the show that just came back two days ago, we had the two fridges in the in the in the show and they're both sold immediately from the trade show.

We have a very good demand now that we built around mostly that we invest in the in the fridge in, the fridge product which we have a good partners with the fridge producers and and the technology behind it. So this is, of course it's a trend, but, it's a number of hundreds or maybe thousands, and we're talking about tens of thousands.

So based on this, we see the retrofit business of the unattended how this is the growth regarding the growth of the, of the services, we believe that the payment will be the leader in terms of the growth, and you can see this in the report that we established for the last few quarters.

## **Sagit Manor**

And maybe to add to that is that as as we've mentioned right now is that the second half of the year will be stronger. There's several distribution channels that haven't impacted our financials yet. We've, through our interactions with our customers, we received confirmations for tens of thousands of devices that are coming, in the next few weeks to few months.

That gives us the confidence, and that's the reason why we've reiterated, the guidance of \$410 million to \$425 million of revenue. And with respect to your question about, so about the growth in general, we believe that despite the fact that Q1 was, around 20% of the revenue on the lower range, the acceleration will start, in Q2 and of course, Q3 and Q4 and represent the guidance that we've provided.

## **Operator**

Chris Kennedy, from William Blair.

## **Cristopher Kennedy - William Blair**

Just wanted to go back to micromarkets and smart coolers. Can you talk a little bit about the dynamics associated with that business? Relative to your core business today.

## **Yair Nechmad**

We look at the market as a general retail market. The micro market is already establishing mostly in the North American market.

It's reached out to some extent to some ceiling to what we, what we're seeing in the market. We're coming to the micro market in a different angle that extending existing customers that we're working with. That want to move to micromarket, with a product which is plug-and-play from their perspective.

We're not dealing with the, all the ecosystem behind this, and it's quite easy to scale with this product, the micromarket, the micromarket product of Nayax, but we see, a great potential and a little bit more of the security regarding the smart coolers.

It took some time to reach out to, there are some techno technology which are based on weight sensors or some cameras, and we are supporting both, technologies and we have partners around this, and, now it's becoming to be a very, ready-to-market product from our perspective.

And we got a very good feedback from the last tradeshow last week. So we believe this is the right momentum that we're going to push the paddle to push this product, and we are aiming to this product because it is a cross continent.

It can cross also to Europe and South America and other markets while the micromarket is not catching up to what we see in other markets. Since we're serving more than 100 markets, we want to see that everything that we're doing can be really, go all the way to the global market, and we believe the smart cooler is more fit to what we are holding in our hands in terms of customer base globally.

## **Cristopher Kennedy - William Blair**

And then just as a follow up, can you provide an update on kind of what you're seeing on the M&A front? How's the pipeline looking, how is evaluations looking?

## **Aaron Greenberg**

So as I said, essentially in, the Q4 earnings, I believe everything's, still on plan in terms of what we're expecting for this year. We've done. The acquisition of Uppay and the acquisition of Inepro this year, so two M&As, and then we, consolidated, the majority of Tigapo earlier this year.

I still expect that the inorganic growth is going to be in line with what we've said in in the Q4 earnings, and we're on track with that, likely to close one to two additional deals this year in order to make that revenue gap.

## **Operator**

John Coffey, with Barclays.

## **John Coffey - Barclays**

So this question is a little bit of a follow up to the last one on M&A. I was wondering, you seem very excited about Latin America when it comes to expanding more there is it just that you're. I guess for one, is it that there's, is the bottleneck that there's a lack of companies you want to invest in, or are they there but valuation is an issue right now or you're maybe focusing on a LatAm but also a lot of other acquisitions or, integrations in other parts of the world right now.

So I kind of just wondering why we aren't seeing more there just kind of just wondering how you think about that and secondly, the other question I'll ask us right up front is just from the take rate you had pretty good increase in take rate year over year I was wondering is this fairly stable at 2.75% or should we expect some like ups and downs in that as the year progresses?

## **Yair Nechmad**

I will start, and then Aaron will continue.

The way that we see markets, it's not just Latin America, it's any market that we're going. We're seeing what is the relevance of how to progress in the market. So we found ourselves in Brazil that we want to acquire a company because it's much more easier to scale with the company that we can put our hands on. In the rest of Latin America, we do have a subsidiary company or a franchise partner that is in Mexico that, we can work with the with them and extend their relationship.

And most importantly is their relationship with the banks. Latin America is not the same as Europe and the US that you can potentially have a 2, 3 or 4 acquirers and you can close the market. In Latin America, you have to go to close deals and agreement with each and every country and acquirer locally.

And we're doing this in the last year and this will be the acceleration of the Latin America when we saying that we're concentrating Latin America, it's not just to doing acquisitions, it's also that we are creating partnership with the acquirers.

So it's important to focus on the way that we're growing. And in this case, the chores are really a major part of the growth of Latin America.

## **Aaron Greenberg**

So I'll continue on the M&A front, we're very prudent when it comes to what we end up acquiring. And the valuations that we end up, accepting in terms of the market right now, I believe, it's a buyer's market still today. M&A has been very weak, on the private side, especially in the lower middle market space, which has allowed us to get, very attractive valuations over the last several deals.

And I do expect that to continue. I think that. Most of the opportunity that I've seen, to date, has been outside of the United States. And there is a lot of opportunities still in Latin American markets, mostly in Brazil still. And, I wouldn't see any slowdown there or elsewhere in terms of, the potential opportunities, but we do balance that and, we have to set a prioritization for the year, because there's only a certain amount of M&As that we can do on an annual basis, generally plus or minus three. And feel comfortable with it, we can do the proper integration, the post-merger integration and make sure that that we see the synergies, and also are able to maintain the core business that we have at the same time.

## **John Coffey - Barclays**

Any comments on the take rate? It's stability going throughout the rest of the year.

## **Sagit Manor**

Yes, thank you. So take rate is continuing to expand and to grow as in previous quarters, it is now 2.75% and as That's a combination of both the geography, where the transaction is going, as well as, the vertical transactions, the various verticals that we are now, going on, going in more and more that has higher transaction value like parking or EV charging and whatnot. So as I said before, we see a constant improvement in the take rate. It's not going to jump significantly one quarter or another, but it's a steady increase over time.

## **Operator**

Sanjay Sakhrani, KBW.

**Sanjay Sakhrani - Keefe, Bruyette & Woods, Inc**

I wanted to go back to the volume growth, and I know, Sagit, you mentioned seasonality. I'm just curious if like that desal, I mean it just seemed a little extreme. I'm just wondering, is there anything else inside of that? Like did you see any macro impacts or such or tariff related impacts and then as we think about sort of the re-accel over the remainder of the year, what kind of re-acceleration can we see?

**Yair Nechmad**

Maybe I will start, Sanjay, thank you for the question.

What we're seeing in terms of in terms of the volume is something that potentially is repeating itself in every time that we come into Q4, 1, the difference are not so big. It's starting with January, February, a little bit flat, sometimes the February is better, sometimes it's less.

But what we can say that while we're sitting over here now, it's the middle of May and we know what's happening in April and we know how we stand today. We're seeing that in terms of the trends in the right projection that we had in the beginning of the year when we put the budget.

So we're not really feeling any kind of change because of consumer behavior or any kind of tariff issues or any kind of macroeconomic issues that affect our business. We are quite confident that the volume will catch up and as we see it right now, it's actually, reach out to the level that we expected.

**Sagit Manor**

And maybe to add here, maybe just to add that as you know the processing revenue first of all grew 30% right quarter over quarter, which is, the comparison period but also the impact on processing revenue comes from three areas, right?

One, the active units that we are able to to put in and there was a significant increase of 69,000 devices this quarter, a 20% increase, a quarter of a quarter, which 44,000 of them, were organic, came organically.

And also the take rate, of course, that is part of the higher, the vertical, transaction is right, the higher the take rate is. So, January and February was slower. However, we saw, already

the March and the April and even the May until today, and quarter to date, we see that values are going back to the, to its normal and even accelerating.

**Sanjay Sakhrani - Keefe, Bruyette & Woods, Inc.**

That's encouraging. Maybe just one on the tariffs. I think I heard you guys say you're not going to pass on the higher costs, I guess like when we think about the blended impact then of the tariff increases in prices. I know you're working off a very strong margin right now.

I means stronger than even what you're articulating for the year in the first quarter. I'm just curious, like, do you, is that sort of factored into that reduction in the margin that you might take some of absorb some of those higher costs or or how should we think about it?

**Sagit Manor**

So let's start with tariffing generally. So as we have disclosed that quickly after, the new administration spoke about tariffs, that we're going to hold our current hardware pricing for US customers steady. I remind you that we are manufacturing our products both in Israel and the Philippines. And this is, I think it is 17% right now it's 10%, so it's the lowest tariff that one of the lowest tariffs that were announced by the administration.

When we did the calculation, taking into account that the US is around 40% of our revenue, taking into account other supply chain improvement, in the supply chain infrastructure improvement in processes and whatnot that we are able to show even this year. we were able to keep that pricing steady. And I believe, as we talked about previously, this is really showing Nayax's commitment to its customers, both from their growth, both from their operational excellence, and also showing the strength of our global operations.

Now with respect to the how the margins, it doesn't have a significant impact, as I said. This is, the reason why we are talking about 30% to 35% hardware for the entire year is simply because, the difference of sales mix that may impact one quarter versus the other, but the overall is an amazing improvement in hardware margins, and as we've shown, by the way, in the last four years.

**Operator**

Rayna Kumar, Oppenheimer.

## **Rayna Kumar - Oppenheimer**

So it sounds like you're not really seeing any, change, changes in consumer behavior. So I'm just trying to understand, does your 2025 guidance include some buffer consumer spending does change later this year? And then just a quick modeling question, how should we think about the impact of FX, on revenue for this year?

## **Sagit Manor**

So, no. We don't see any consumer behavior change, from a macroeconomic perspective. We do see a significant change from a consumer that, as we've seen many in the last several years, the cash-to-cashless conversion, that's for sure there and is here to stay.

From the market, from the time of the market of how many devices are out there. If you remember, we're speaking about 45 million devices growing into 60 million devices, and we have 1.3 million of them.

So blue ocean, great opportunity to continue to grow. In addition, the consumer will be able change in a sense to continue to move from cash-to-cashless. So that's there and that's, and that will stay. To a question about FX, I wish I knew, right?

That would be the million-dollar question about how FX, will be done. We are, as you know, the only global and global company in the unattended space. The benefit of that is to be able really to enjoy 40% from the US with around 40% or 35% from Europe and whatnot, but it comes also with FX impact, this quarter specifically, it came from the Australian market for, just as an example. In previous quarter, it might have been Euro or might have been, Europe, generally speaking, or UK. So, that's the reason why when we do the guidance of the revenue, specifically, I'm always speaking about constant currency. And that's where we'll continue to speak about it, which in this quarter was in \$82 million revenue with 28% increase of revenue quarter over quarter.

## **Operator**

At this time, we've reached the end of our question-and-answer session, and I'll turn the floor back to Yair for closing remarks.

**Yair Nechmad**

Thank you for being with us today. Entering 2025, we are proud to have 100,000 customers, a clear reflection of our team's dedication and the trust we've built across our customers and partners. Moving forward, our priority remains sustainable growth and long-term value creation. I'm grateful to our employees and partners for making this possible.

The road ahead is full of opportunities, and we are ready to continue capitalizing on this momentum.

\*\*\*