

**Tim Chiodo**, *UBS Senior Research Analyst*:

All right, great. Welcome, everyone. We're in the afternoon session of day two of the 27th annual Global Technology Conference here at UBS. My name is Tim Chiodo. I'm the lead payments processors and FinTech analyst here. We are glad to be joined by the team from Nuvei. We have Vicky Bindra, who is the Chief Operating Officer. I could be wrong, but I believe this might be your first on-stage investor conference appearance as a member of Nuvei. It's a pleasure to have you here, Vicky.

**Vicky Bindra**, *Nuvei Chief Operating Officer*:

Pleasure.

**Tim Chiodo**, *UBS Senior Research Analyst*:

We're also joined by Chris Mammone, who is Head of Investor Relations, so we have both here on stage with us. We're going to work through some questions. We'll start a little bit with Vicky and how he came to Nuvei a little over a year ago when he and I first met. We'll get into some of the RFP processes and competitive dynamics. We'll talk about the revenue growth over the medium-term. We'll talk about the exit rate this year. And then we'll really spend some time on the three core channels that the company has been disclosing.

So with that, Vicky, it's great to have you here. Why don't we start out with a little bit on your career background and the intro to you and how you came to Nuvei, again, a little over a year ago?

**Vicky Bindra**, *Nuvei Chief Operating Officer*:

Sure. Well, thank you so much, Tim. Yes, my career, I hate to go year-by-year because it just shows my age. But my first few years in the industry were spent more in banking and consulting, so I was primarily with Citibank and with Bain & Company as a consultant. And the last 15 years or so has been in Payments. So I was first with Mastercard, looking after the region in Asia-Pacific, then later did the "Coke-Pepsi" thing through working with Visa in San Francisco. And then I was with companies like Pine Labs, which is a Sequoia growth company out of Singapore, and now with Nuvei.

So it's been an exciting journey. Just prior to Nuvei, I was also with a company called FIS, which many of you might know. And the reason I got into the conversation with Nuvei was, while I was in FIS, we would come in second many times against Nuvei. Then I got to meet Phil Fayer through one of his Board directors. And we kept talking about it, and I said (to myself) why is that company seemingly so exciting versus what I'm doing at FIS, and let me find out more.

And so we got to talking, and we really started talking about how Nuvei would grow and what are the acquisitions that would really make Nuvei a very different company. And we both very quickly settled on Paya and said, "I think, frankly, Nuvei should acquire Paya." And that was the start of a six-month discussion which got me here. And I'm a really excited member of the leadership team and very happy to be here.

**Tim Chiodo**, *UBS Senior Research Analyst*:

All right. That is a great segue into the next topic, which is, with your experience being at competitors and now being at Nuvei, you've gone into RFP processes, or somehow been a part of those RFP processes. Maybe just talk a little about what has changed, meaning when you were going up against Nuvei and, now that you are at Nuvei, what are you doing to win these RFPs? And also, who are you most often seeing in these RFP processes?

**Vicky Bindra**, *Nuvei Chief Operating Officer*:

Yes. So RFPs are interesting, because I think till about two years ago outside the core end markets of gaming and financial services, not that many RFPs invited Nuvei in. And this was due partly because these companies either didn't know about Nuvei, or Nuvei lacked some of the basic capabilities that were needed, things like omnichannel commerce and issuing capabilities that customers were looking for. A combination of these two (factors) sort of meant that Nuvei had to try harder to get into RFPs or win customers. That I think has changed substantially, partly because the last 18 months or so has seen Nuvei diversifying into different end markets.

So the fact that we are in travel, the fact that we're in the gig economy, the fact we're in marketplaces, we've now become a natural choice for people to call us in. The fact that we've responded to those requests, and now as of this morning we've come out with a huge announcement on card issuing, and we just announced omnichannel commerce a couple of months ago. That has created all the bandwidth we need to be in RFPs, and we're increasingly seeing that, for Big Tech and other RFPs, we're being called in; and frankly, two years ago we were never being called in.

So that's been the big difference. Now, we get called in with Worldpay, with Adyen, with Stripe, and with Checkout.com. So we see ourselves being seen in that quadrant as opposed to a specialist gaming and financial services quadrant. And I think that has been the big change for us.

**Tim Chiodo**, *UBS Senior Research Analyst*:

OK. Thank you, Vicky. Just in terms of some of the aspects that you'd be putting down in these RFPs that you're now mentioning you're increasingly being invited to, when you're talking about the positive attributes of your offering and why you should be the chosen platform during that RFP—or one of the chosen platforms—is it the APMs and the LPMs? Is it customization, flexibility, service, support, or a little bit of all of the above? What are the reasons that you really tout to these merchants and platforms in terms of why they should pick Nuvei?

**Vicky Bindra**, *Nuvei Chief Operating Officer*:

Yes. I think that's fair, and I'll give two answers to that. One is how do we approach these customers and RFPs; and secondly, what do customers tell us once we ask them as to why they're choosing us or why they're working with us.

So the first aspect is we've created a completely modular system that we go to customers with. We will tell them, depending on what you need, if you need processing in one country but APMs in three countries, we will provide that for you in the hope that we get in with a small wallet share of the business, call it 2%, 3%, 5%. But over time, we'll grow our way up, given what we have to show to them. That's our first instinct.

So what do we grow with? Sometimes we grow with an APM. Sometimes it's only routing. Sometimes it is processing in two difficult markets that they can't get another processor to do. So it can be all of the above, depending on what the (customer) requirement is. I think when we ask customers why they choose us, they (typically) give us two or three different answers. And interestingly, one is reporting. They'll say you guys have good reporting. I don't know whether that's (the actual) decision factor or just an influence factor in their decision, but it comes up more often than one would think.

Secondly, what comes up is live customer support. Our customers feel the fact that in any one of the smaller countries (where we've partnered), that their people can call and get in touch with a live customer support rep from our side, is a pretty meaningful differentiator for them.

And a third dimension is APMs. These are the three largest points. There are many others, but these are the three largest. We obviously have the largest APMs in the world, but those are the three that come up (most often), almost in that order.

**Tim Chiodo**, *UBS Senior Research Analyst*:

Excellent. Thank you, Vicky. Let's move on to the medium-term growth algorithm for the company in context of the 15% to 20% medium-term outlook that the company has recently given to the market. So you've generally talked about 80% of that growth coming from existing customers and 20% of that coming from new customers. Clearly, the existing customer portion includes a little bit of end-market growth and a little bit of wallet share gain. So that's the construct we'd like you to elaborate on. But also, in terms of a macro downturn scenario, how would you expect that growth algorithm to behave, and what are some of the portions of the business that you consider more or less discretionary or non-discretionary?

**Chris Mammone**, *Nuvei Head of Investor Relations*:

Yes, maybe I can start on that. So what I would point everybody to is, for the quarter we just reported in early November, we reported pro forma growth of 14% for the quarter. So within striking distance of that 15% to 20% medium-term, which is a three- to five-year target for revenue growth.

What we said is, obviously we'll give our guidance in March, but what we said is that we want to strive to be exiting next year sort of in that range of the 15% to 20%. As far as the macro components, we've evolved a lot over the past three or four years, primarily from (our origins of) processing for online gaming and sports betting. Now we're well-diversified, both from the end markets that we serve within the global commerce channel, which is the biggest channel at 56% of revenues. We're bigger into online retail, into travel, into financial services, marketplaces, and the gig economy, just to name a few. And so that really broadens the base that we're targeting within the core Global Commerce channel.

And then we've added new channels, as well, which helps with that diversification in those non-discretionary aspects, with B2B, government, and ISV primarily delivered from the Paya business that we acquired. And so we feel really broadly diversified to continue to grow through really any type of macro environment.

**Tim Chiodo**, *UBS Senior Research Analyst*:

Thank you, Chris. Alright. Well, you alluded to this a little bit, but let's talk about that Q4 2023 exit rate. So in Q3, as you mentioned, you were within striking distance of the 15% to 20% revenue growth. But for Q4, the guidance is implying something slightly below that. So you mentioned numerous factors. There's the lapping of the World Cup in Q4 of last year. There's been some implementation delays, and also the loss of a large customer. Could you elaborate on those and talk about the exit rate; but, more importantly, the confidence that you have in re-acceleration off of that rate?

**Chris Mammone**, *Nuvei Head of Investor Relations*:

Yes, so I think there's just really not much to call out beyond that list. I think all those factors are going to cause that near-term exit rate to probably come in slightly below. So that's been well-telegraphed by now.

I would just continue to look at the channel growth construct that we've now been talking about for the past two quarters. So within that 14% pro forma growth rate, we have three primary channels; again, Global Commerce, which grew 25% pro forma in Q3. We see that channel—which is our largest and fastest-growing—in the 20% to 30% range as normalized growth, so kind of right smack in the middle (of that range) for Q3. So I'd continue to think about that.

For our B2B, Government and ISV channel, that grew 16% pro forma in Q3, or inside the near-term range that we think about for that channel, which is 15% to 20%. We expect this could start accelerating up to the higher end (of that range)—and maybe even beyond—as we implement our playbook for accelerating growth within the former Paya business. And then our other channel, SMB, slightly declined 3.8% in Q3, which was actually an improvement from Q2. And we're continuing to look for ways to bring that channel back closer to flattish growth so it doesn't really detract from the overall growth rate going forward.

**Tim Chiodo**, *UBS Senior Research Analyst*:

Excellent. Thank you, Chris. It was great context. And we'll walk through each of those three channels in a little more detail in a minute here. But first, I want to get back to something. There was a press release today related to this, and Vicky just alluded to it. But two items, really. One was the press release, which was the card-issuing capabilities. But you also referenced unified commerce, which has been more of a past-few-months type of topic. So maybe just a few thoughts on both the card issuing announcement and also the unified commerce offering.

**Vicky Bindra**, *Nuvei Chief Operating Officer*:

Sure, thanks Tim. So on card issuing, as we talked to our own customers upon looking at the Paya acquisition, we thought that there was a significant opportunity for us to do card issuing. And we think of card issuing in three constructs.

One construct is a physical card, that you can use (in several ways). Either a retail customer can use it for loyalty, or it can be used for payouts, or for compensation payments, or many other aspects of a (physical) card that our customers would find extremely useful. And we thought that was one construct.

Second is a virtual card—for example think of an OTA making a payment to an airline. How do you make that happen? A virtual card is the right mechanism for them because they can create a virtual card for each individual payment so that the reconciliation on any return is very easy to do.

And third construct was using the card as a wallet. So here think of a gaming business where you have your pay-ins coming into the wallet, then each time someone does a gaming transaction, you don't need to redo a KYC or AML on the particular client because the card gives you the confidence to do it, and you can pull the funds immediately to do a transaction.

So those were the three macro use cases, and then we went end market by end market, and we broke them up into several use cases. I think the net upside here was that there's a significant opportunity. Most card issuance companies don't do all three very well. They do one or two well, or they'll do one well and one not so well. So let's create our own that encompasses this, makes it organic, and we can build on this capability. So we've announced that we're going live in the EU immediately, and then we come in the first half (of 2024) both with the U.K. and the U.S. So that's card issuing, which we are very excited about, and which we think is a significant opportunity.

On the omnichannel or unified commerce, it's very important and the biggest piece in that is how do you match transactions. So Tim goes and buys a coat online at Nordstrom.com. He actually does it at more expensive retailers, but I will take Nordstrom's for example. And then he goes and does the return at the store. How do I know that is the same transaction? I need to reverse the local sales tax in the same way that I had built the sales tax, and I reverse it so that his card gets the exact credit the way we had built it.

So it's tokenizing that transaction to make it (match between the online world and the physical world). Many times when I've talked about omni-channel, people come up and ask, "are you in the hardware business?" No, we're not in the hardware business. We are in the business of identifying the transaction. For the hardware currently we are working either directly with Verifone or with the retailer who may have their own terminals. So it's possible that it's one of those two (scenarios). We'll obviously expand those offerings. But all we do with the hardware is we certify the hardware. We are not in the business of creating apps for the hardware or really working the hardware any differently than how they operate today.

But again, we're very excited about that for two reasons. One is I think it improves our scale of RFPs, because many RFPs want an omni-channel presence, so even some airlines want an omni-channel so that you can do their local ticketing in the various markets as well as online. And it's a very important one for us. And secondly is just, with the Paya acquisition, there's so many more applications we can do for ISVs as well as B2B customers with those two capabilities. So both of them are really exciting for us.

**Tim Chiodo**, *UBS Senior Research Analyst*:

Thank you, Vicky. All right. I mentioned earlier that we would do this, so I'd like to go through each of the three channels. So for context, as Chris mentioned, there's Global Commerce. That's about 56% of revenue, so the largest and fastest-growing component. There's the B2B, Government and ISV channel, which has a lot of the Paya business in there. That's about 18% of revenue. And also, we have the SMB channel, which is about 26% of revenue. These numbers are as of last quarter.

So let's make maybe a point or two on each. But first, let's start with Global Commerce. So there's this concept of bundling in e-commerce merchant acquiring. We see Braintree with the PayPal button. We see FiServ with the Star and Accel debit networks, Chase with the additional banking services that they have and the large share of the card market. Just talk about how you can compete against those types of bundled offerings and if, indeed, you are seeing those strategies resonate in the market.

**Vicky Bindra**, *Nuvei Chief Operating Officer*:

Yes. So I think each one needs to figure out their playground differently, and as you mentioned, three players with different playgrounds. The way we think about Global Commerce, to start with, is we think of that as which are the segments that we can, over time, derive appropriate economic rent with. And that has several components to it. So if you look at the traditional channel with SafeCharge, which was our acquisition in 2019, they grew with gaming, and they grew it as a combination of two or three things. One was the combination of using front-end software, or cashier, which helps to basically make the customer very sticky. Then you manage your pay-ins and ACH management of risk so that you get the payments in and you can make a gaming transaction before you actually get confirmation of the funds, and then you do payouts.

So there are various revenue pools (to consider), because if you look at the actual processing (basic acquiring) side, we make probably five basis points on that transaction. But overall, if you look at the combination (of value added services), it's an extremely profitable end market for us to go after. So that was gaming, where we built the entire infrastructure to really be very attractive to the (online) gaming market, and we have reasonable leadership in that.

As we've looked at every end market, we've looked to how we can build leadership each. I'll give you an example of cruise lines without going into the full details here. But let's think of them as having four critical needs, and I'll mention the two last critical needs, not the first two.

If you look at (cruise lines), they're having a big issue of friendly fraud on board. So this is, Tim goes onboard, buys a drink and then says, "I never had the drink." That is one problem that we need to help them solve. The second is between 70% and 75% of the workforce is from Philippines. So the cruise lines want the provider to be able to credit accounts in Boracay, Cebu and Makati, not necessarily only one account in Hong Kong. And so if we can handle those two (critical needs) as well as the other two things that are very critical to them, we become really sticky in that end market, and that's an example of our game plan.

So we look deeply at (the critical needs of) every sub-segment, and try to build on that. (As another example), we recently had a Big Tech company that we're proposing to work with give us a challenge of 24 APMs. They said these are 24 APMs that we're interested in, can you work with them? And we came back within a week and we said, yes we've actually got all 24 APMs certified and working, so when do you want to start? Their response to us is that they went to the four top acquirers, and we were way beyond #2 by a strong margin. And so they felt like we had the capabilities to help them grow globally.

So it's a mix of all these things that help us differentiate and build. So rather than saying how do we compete with them; for us it is how do we manage the needs of these end markets better than others are even thinking about today, and then how do we get ahead.

**Tim Chiodo**, *UBS Senior Research Analyst*:

Well-said, Vicky. Thank you. Let's move to B2B, Government and ISV; You mentioned this is where a lot of the Paya business sits. Maybe just talk about some of the trends you're seeing there and some of the hopes for acceleration.

**Vicky Bindra**, *Nuvei Chief Operating Officer*:

Yes. If you look at the B2B business, this was the old business Paya had from Sage Payments, where they basically did B2B for Sage customers. And one of the ways that they grew the business was embedding themselves into the accounting software (of large ERP platforms), be it of ECI or Acumatica or Sage.

So what we've done as we've brought the businesses together is first, we've gone and filled the hole at all of the other accounting software vendors that was not (already partnered with Paya), like Xero, like Oracle, and the other ERP systems. So that was one. Two is we said how do we make it stronger. And so, for one (partner) we expanded what had been a domestic-only U.S. business and made it a North America business by adding Canada. Then we've added a whole lot of value-added services. They didn't have payouts, so we've added payouts. Now we're adding issuing and omnichannel to those businesses. So I think if you look at the combination, the good news is none of our principal competitors in acquiring have a B2B capability, so this gives us differentiation in going to the market with it. So that's as far as (B2B) is concerned.

Then in government, Paya had created a really good citizen's portal where consumers could come in and make their payments for utilities, fines, taxes, et cetera. Here they worked directly with the municipalities. While that was a sticky business, the challenge is that the sales and gestation period was too long. So we've (combined this with) our ISV channel. There are a lot of government ISVs. We now attracted these government ISVs and said we'll go direct and go through government ISVs and accelerate the growth of that government business.

Lastly, on the ISV (portion) itself, I think there was some really good assets that Paya had, but they didn't have a strong commercial engine. So the sales force was sparse, and so we took our good commercial engine from Nuvei and we put it together with Paya so that we have an accelerated commercial engine to sell the assets that Paya had built.

So we feel pretty confident about the growth trends in this channel. And while this channel came up from 13% (growth in Q2) to about 16% (growth in Q3), we think it's somewhere in that 20% (growth range) over the next year or two and accelerating. So we feel pretty good about that segment as we sit today.

**Tim Chiodo**, *UBS Senior Research Analyst*:

Excellent. Let's hit the last component there, which is the SMB channel. This is the one that's had a little bit more growth challenges, sort of expecting it, I believe, to be flat to down-ish. Maybe just talk a little bit about that business and how we could maybe look to see it stabilize some.

**Vicky Bindra**, *Nuvei Chief Operating Officer*:

Yes. So it's a business we don't want to invest in significantly today, but we want to manage it still for some products that can be helpful. So for example, things like unified commerce and issuing are solutions we can bring to this channel so that we show some growth there. Secondly, we've not really used pricing in this channel. Most of our competitors do an annual increase of pricing. So we might, in the next few months, try to use that lever a little bit.

But I think as you look at our medium-term outlook, as long as we are sort of flattish (growth) in this channel, we'll do fine, as it really helps us get to a good scale level to perform functions for the other channels. So that's how we're viewing it, as a way to look at how we gain efficiencies. We've also got a Tiger team that's looking at basically all cost measures to be able to increase efficiency. Are there suppliers we can reduce costs on? Our back-end processing, where we've now moved clearing and settlement to ourselves versus using a legacy provider in between. That'll help us reduce costs for this channel, too.

So there's a whole bunch of measures that I think will improve the adjusted EBITDA margins and will ensure that we get back to a flattish revenue growth rate. And I think that will help our medium-term forecast quite nicely.

**Tim Chiodo**, *UBS Senior Research Analyst*:

Thank you, Vicky. We only have a few minutes left here. I'm going to skip forward to a question around the pipeline. So you've publicly talked about the \$100 million or so of annualized revenue from enterprise clients that you have in the pipeline. It's ready to go, contracted. Some of that was supposed to begin benefiting the numbers this year, but it's been pushed out some into next year in various stages of go-live timelines across 2024. Maybe you just talk us through a little bit some of the reasons for the implementation delays, and again with the context that these were delays relative to your initial expectations. And then, lastly, just in the interest of time, if you could work in just how much of a time delay are we talking in these implementations? Is it a few months, or is it longer than that?

**Chris Mammone**, *Nuvei Head of Investor Relations*:

Yes. Maybe I can start. You're correct. This is not a case where we won a piece of business and then the customer came back and said, actually, let's push it off. This was our own expectation of how quickly we could go from signing a new piece of business to actually activating that new piece of business.

I think we probably applied a lot of the rhythm that we have gotten accustomed to in some of the end markets that we've been processing in for a long time. So for example how businesses operate within the online gaming end market. As we extend into some of these other end markets and also move upstream as far as the size of customers that we're dealing with—all great things—they all operate at a different rhythm and at a different cadence. And so it's just a lot of learnings on our part as far as getting used to all these different cadences, if you will, across those end markets. And so we went back and just recalibrated our own expectations, and that was really what caused that kind of push-out that you talked about.

**Vicky Bindra**, *Nuvei Chief Operating Officer*:

I think that—as you get in new markets—we are beginning to see how Visa and Mastercard, the schemes and others (along the value chain) can also be playing a role that actually delays us. Maybe we didn't understand all the moving pieces that it sometimes takes. In gaming, we had a good set plan to deliver against. I think as we spend another year or two, I think we'll get a much better sense around the timelines, and we'll get lot more efficient in being able to forecast it. So I see that as an opportunity, going forward, and for us to be able to streamline it better.

**Tim Chiodo**, *UBS Senior Research Analyst*:

Excellent. Thank you. I think we have time for one last question. Why don't we talk about the in-house processing effort, so both in terms of the benefits that you receive on a qualitative basis, and then we could recap some of the timing on when this will start to kick in. And then, if you could quantify some of the benefits that we would see to the P&L from doing more of this processing in-house.

**Vicky Bindra**, *Nuvei Chief Operating Officer*:

In one question you asked maybe five questions, Tim, but I'll try and answer as best as I can. I think for clearing and settlement of the back-office for us, I think it's a huge game-changer in many ways. So if you think about the fact that we've already implemented Canada. Canada has gone live as of now. Obviously, we'll slowly migrate all of the customers to it. And then the U.S. happens in by the second half of next year. That's the timing.

I think what it does for us, for example now in Canada, we don't need the approval of our sponsor bank to onboard new customers, given that we now own the Mastercard and Visa BINs in Nuvei's name and not in the bank's name. Secondly, it helps us with reducing costs because we've removed an intermediary which had done processing for us. So it makes us a lot more efficient.

Thirdly, it helps us improve authorization rates, and we've seen a difference between legacy providers doing that service and ourselves anything between 1% to 2% in approval rate uplift.

Fourth, it helps us get specialized reporting to very large customers who want (that level of detail) to understand their transactions. Getting this through a legacy platform has been a nightmare, and we've been doing duplicate work to be able to supply this (information) to them.

Fifth, it gives us loyalty because we can do instant settlement for our customers versus waiting for a 48-hour period to do settlement. So I've just listed off a few. It just gives you a sense of the strength both in (curtailing) costs but, more importantly, in revenue generation and auth rate as well as in loyalty with our customers. And the same we will prove out in the U.S. starting in middle of next year.

So on the financial side, (Chris) I don't know if you want to (elaborate).

**Chris Mammone**, *Nuvei Head of Investor Relations*:

Yes. We haven't really quantified it, but I think that's another example (of our potential for margin expansion). We reported adjusted EBITDA margins of 36.3% in Q3, which was a 40 basis point sequential acceleration from Q2. That's a really good baseline margin to think about as we continue to move higher, over time, towards our longer-term target of 50%-plus, because that 36.3%, it fully absorbs the Paya business that we've integrated. It also fully absorbs what we called out as the tough comps that we had from crypto and digital assets.

So it's a baseline that we think we can march higher from, further scaling the business, initiatives like Vicky just talked about with in-sourcing our back-end processing, card issuing, unified commerce, kind of everything that we talked about should all be supportive of growing that adjusted EBITDA margin, over time.

And then, yes, just to level-set the timing for the migration of the U.S. (back-end processing), yes, it'll go live first half, and then we'll migrate those customers over the back half of next year.

**Tim Chiodo**, *UBS Senior Research Analyst*:

Thank you, Chris. On behalf of our team here and everyone at UBS, we want to thank both Vicky and Chris for making the trip to join us here in Arizona. And it's been a pleasure hosting you guys. Thank you.