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Nuvei Corp. (NVEI.CA)

Q4 2020 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen and thank you for standing by. Welcome to Nuvei Corporation's Fourth Quarter and Full-Year 2020 Earnings Conference Call. As a reminder, this conference call is being recorded. I will now turn the conference call over to Anthony Gerstein, Vice President and Head of Investor Relations for Nuvei.

Please go ahead, Mr. Gerstein.

Anthony Gerstein

Vice President & Head-Investor Relations, Nuvei Corp.

Thank you, operator and good morning everyone and thank you for joining us. With me today are Phil Fayer, Chairman and Chief Executive Officer; and David Schwartz, Chief Financial Officer. As a reminder, this conference call is being recorded and webcast and is copyrighted Property of Nuvei, and rebroadcast of this information in whole or in part without prior written consent of Nuvei is prohibited.

This morning, Nuvei issued a press release announcing financial results for the three months and year ended December 31, 2020. This release as well as an accompanying presentation are available in the Investor Relations section of the company's website, Nuvei.com under Events and Presentations.

During this call, we may make certain forward-looking statements within the meaning of the applicable securities laws. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of the business or developments in Nuvei's industry could differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements.

Information about these factors that could cause actual results to differ materially from anticipated results or performance can be found in Nuvei's filings with the Canadian securities regulatory authority and on the company's website.

Our discussion today will include non-IFRS measures including adjusted EBITDA, adjusted net income and adjusted net income per share. Management believes non-IFRS results are useful in order to enhance an understanding of our ongoing performance, but they aren't a supplement to and should not be considered in isolation from or as a substitute for IFRS financial measures. Reconciliation of these measures to IFRS measures are available in our earnings release and MD&A.

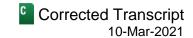
We'll open up the call to your questions after our prepared remarks. And with that, I'd like to turn the call over to Phil.

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Thank you, Anthony, and good morning, everyone, and thank you for joining our call. As we announced in February, we had a strong fourth quarter and year during which we delivered solid financial results while continuing to make progress on our strategic initiatives and executing on multiple growth opportunities.

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For the quarter, total volume increased 53%, revenue increased 46%, and adjusted EBITDA increased 61%. For the year, volume increased 76%, revenue, 53%, and adjusted EBITDA, 87%. Our performance continues to be driven by our focus on high-growth verticals and by our technology, which provides one of the industry's most complete payment technology solutions going well beyond merchant acquiring. I'm very pleased with our results and I'm proud of our nearly 1,000 Nuveiers who helped make them possible and who contribute to our success each and every day.

As a global payment technology partner to thriving brands, we attribute the momentum in our business to five important and highly differentiating factors. First is our single integrated platform solution, which at its core simplifies the merchants' operations, removes limitations and restrictions, collapses a need for multiple vendors on a per country basis, streamlines all back office functions, and allows our merchants to connect with their customers regardless of country, currency or payment type. Second is a continued innovation of our product, which powers our merchants to operate in over 200 markets, accept 455 different payment methods and 150 different currencies supported both by pay-ins and payouts.

Third is the depth and flexibility of our products and solutions suite. Our solutions are offered a la carte and provide the flexibility for our merchants to what's appropriate for their unique business. Our product portfolio includes global gateway services, local acquiring, and acceptance of 455 alternate payment methods, our enhanced authorization platform to drive greater approval ratios, our currency management solutions, our instant payout solutions, our risk and compliance tools, our advanced reconciliation tools, and our comprehensive list of value-added services. Providing this flexibility allows us to land merchant relationships based on their needs at the time and then expand our relationships over time as they grow and their requirements grow.

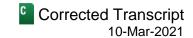
Fourth is our customizable solutions, which can be tailored to a merchant's unique and individual requirements. Our ability to customize our proprietary platform deeply integrates us with our merchants, allowing us to develop long-term sticky relationships with our clients. And fifth is our focus on complex high growth verticals, which have high barriers to entry and unique tactical requirements necessitating very specific expertise and know-how, effectively creating deep moats around our business and making it difficult for new entrants.

These factors are critical to the success of our company and are the foundation for our future growth. Building upon this foundation, our business has evolved. Our e-commerce mix represented 80% of our total volume in the fourth quarter, up sequentially from 75% in the third quarter and 71% in last year's fourth quarter. It was 76% for the full year 2020. What's interesting is that while much of the industry is clearly experiencing a shift towards more online transactions and growing e-commerce volumes as a result of changing consumer behavior naturally accelerated by the pandemic, our performance over the past year has not been materially impacted.

Rather, COVID has exposed our verticals to larger talent opportunities, which is one reason we don't expect growth rates in this part of our business to decelerate as the world begins to emerge from the pandemic and return to normal. In fact, we see opportunities for our small business customers to regain historical momentum. We are well-diversified as none of our focus verticals accounted for more than 20% of our gross profit dollars, which is how we measure them, with no merchant concentration.

I'll now discuss some operational highlights. The fourth quarter represented the strongest growth in the company's history, driven both by wallet share expansion from current customers and the acceleration of new client wins coming from the ongoing investment and direct sales channel, which now accounts for more than 70% of our total volume.

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New e-commerce business nearly tripled in the fourth quarter of 2020 compared to last year's fourth quarter as we added new merchants in several of our high target, high growth verticals. In fact 17% of the e-commerce volume processed in the fourth quarter originated from new business signed in 2020, reflecting the acceleration of our new client wins.

This momentum along with the deep and growing pipeline has continued well into the current quarter. For perspective, we've experienced the highest daily volume in the history of the company in this year's first quarter and we expect that momentum to continue, giving us visibility for the year which is reflected in the financial outlook we are providing today and which Dave will discuss in greater detail.

In terms of expanding our connectivity coverage, we continue to add alternate payment methods in Latin America, more specifically in Brazil and Colombia, as well as adding certain voucher-based payments in Mexico. We also expanded our connectivity in South Africa, Korea, and Japan in the fourth quarter.

With respect innovation, we introduced several products to help our merchants convert more sales and simplify their back office reconciliation, including we enhanced our proprietary authorization platform to comply with PSD2's strong customer authentication requirements. We upgraded our chargeback management tools and now provide early, which is pre-chargeback warnings for our merchants. We expanded our payout capabilities to now include Automated Clearing House, ACH, payments and MasterCard MoneySend. We simplified Apple Pay enablement for our customers and we enhance our multi-currency services in Canada.

Another significant development in the fourth quarter that we're extremely proud of was the launching of our own certified self-authorization processing in the United States, which is an important milestone as we start bringing some of that crucial functionality capability in-house which over time will help us reduce cost, improve efficiency and raise productivity. We'll have more to say about this in the coming months.

We continue to make progress in US online gaming and see momentum building in all our focus verticals. As I've said before, we're taking a very disciplined and deliberate crawl-walk-run approach to the US online gaming market. We are excited to have gone live with our first customer in the fourth quarter and are in active discussions with many others. As a reminder, we have not included any contribution from US online gaming on our financial outlook for 2021.

Finally, in the fourth quarter, we completed the acquisition of Smart2Pay on November 2 and announced the acquisition of Base Commerce, which we completed in January 2021. Both of these acquisitions fit our M&A strategy which includes expanding to new geographies, adding new capabilities to our solution set, and increasing our scale. Specifically, the Smart2Pay acquisition help Nuvei strengthen its position in online marketplaces and social gaming, while the acquisition of Base Commerce was a great opportunity for Nuvei to enhance its technology offering to now include real time ACH processing for all our core verticals.

With that, I'll now turn it over to Dave to discuss the financials and our financial outlook for 2021.

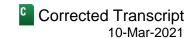
David Schwartz

Chief Financial Officer & Corporate Secretary, Nuvei Corp.

Thanks and good morning, everyone. As Phil mentioned, we are very pleased with our fourth quarter and full year results. Total volume increased 53% to \$13.9 billion from \$9.1 billion in the fourth quarter of 2019. Of that, ecommerce volume was approximately 80%, representing a sequential increase from 75% in the third quarter.



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Revenue in the quarter increased 46% to \$115.9 million from \$79.3 million. Gross margin in the fourth quarter was 79.7% compared to 83.5% in the fourth quarter of 2019. The change in gross margin is attributable to the inclusion of Smart2Pay, which has a higher cost of revenue due to costs associated with its merchant servicing model.

Adjusted EBITDA increased by 61% to \$51.3 million in the fourth quarter from \$31.9 million in the fourth quarter of 2019. Adjusted EBITDA margin was 44.3% in the quarter compared to 40.3% in the prior period. Net finance costs decreased by \$20.6 million in the fourth quarter compared to 2019, mostly as a result of paying down long-term debt in September with the proceeds from our IPO.

Net income for the quarter was \$22.6 million or \$0.16 per share compared to a net loss of \$3.1 million or \$0.05 per share in the fourth quarter of 2019. Adjusted net income was \$46.5 million or \$0.33 per diluted share compared to \$5.4 million or \$0.06 per diluted share in 2019.

Turning now to our full-year results, total volume increased 76% to \$43.2 billion from \$24.6 billion in 2019, with e-commerce volume representing approximately 76%. Revenue for the year increased 53% to \$375 million from \$245.8 million in 2019. Gross margin was 81.5% compared to 83.4% in 2019. The change in gross margin is primarily due to inclusion of both SafeCharge and Smart2Pay, which both have higher processing costs associated to their merchant servicing models.

Adjusted EBITDA for the year increased 86% (sic) [87%] to \$163 million, up from \$87.2 million in the prior year. Adjusted EBITDA margin was 43.5%. This compares to 35.5% in 2019.

Net loss for the year was \$103.7 million, compared to a net loss of \$69.5 million in 2019. Included in the 2020 net loss was \$101 million of non-cash finance costs resulting from changes in redemption value of liability-classified common and preferred shares, as well as the acceleration of amortization of deferred transaction costs. Of this \$101 million, \$83 million of these were non-cash costs resulting from our initial public offering and the associated valuation in the third quarter of 2020. Net loss per share for 2020 was \$1.08, compared to a net loss per share of \$1.15 in 2019.

Adjusted net income was \$89 million, compared to \$22.3 million in 2019. Adjusted net income per diluted share was \$0.84, compared to \$0.33 in 2019.

Our cash balance at the end of the year was \$180.7 million, which included approximately \$90 million used to fund the acquisition of Base Commerce in January of this year. Loans and borrowings including lease liabilities at the end of the year was \$212.7 million.

Turning now to our financial outlook, and which I'll refer you to our forward-looking disclosure. We are very excited about the momentum we are experiencing as we continue to execute on our strategy. As a result, for the first quarter, we expect total volume between \$19 billion and \$20 billion; revenue between \$136 million and \$142 million; and adjusted EBITDA between \$60 million and \$63 million.

On a full-year basis, for the year ended December 31, 2021, we expect total volume between \$81 billion and \$87 billion; revenue between \$570 million and \$600 million; and adjusted EBITDA between \$252 million and \$265 million.

With that, I'll turn the call back over to Phil for some closing comments before we open the call to take your questions. Thank you.



Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Thanks, Dave. Overall, we are very pleased with our results and our performance. I want to, again, thank our team members for a successful 2020 and also take this opportunity to welcome our new colleagues from Smart2Pay and Base Commerce. We are delighted to have you as part of the Nuvei family. We are very excited about the opportunity ahead of us as we continue to make our world a local marketplace. We look forward to updating you on our progress in future calls.

And with that, we're happy to answer your questions. And I'll now pass the call back to the operator.

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we'll be conducting a question-and-answer session. [Operator Instructions] Your first question comes from the line of George Mihalos with Cowen. Please proceed with your question.

George Mihalos

Analyst, Cowen and Company

Hey. Good morning, guys, and let me start off with a hearty congratulations. I mean, I think this outlook is head and shoulders above what I think most people were looking at, so congrats on that. Just a couple things I want to make sure as we think of the 2021 guide. Firstly, can you just quantify for us what the contribution is expected from Base Commerce and Smart2Pay in that outlook? And then also, how are you thinking about incorporating sort of a return in your card-present business as reopening start to take place across North America?

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Thank you, George. Great questions. I'll take the first two. Dave, if you have something to add, please jump in. But I think good data points to explore Smart2Pay and Base Commerce would be to look at our pro forma Q4 growth, which in itself is sequentially up and substantially up from Q3. So from a volume perspective, pro forma Q4, we're up 48% and revenue 36%. And I think that should be a good data point for you guys to assess 2021.

When you talk about card-present, we're going to remain and we have remained conservative and we can't really predict timing around the pandemic. But just really as a reminder, 80% of our business is e-commerce. And as such, we think from a card-present perspective, as I mentioned during the talking points. We feel that there is potential tailwinds, but naturally we're remaining conservative.

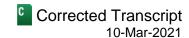
George Mihalos

Analyst, Cowen and Company

Okay. That's super helpful. And then just two more, if I can sneak in. Maybe the performance of the business in Europe versus North America, I'm curious if you saw any significant divergence because, again, the numbers were just clearly higher than what we were looking for?

And then maybe, David, the revenue yield, the take rate, that seems to be coming down in 2021. Just curious what that driver is, if there is anything related to the acquisitions and the like that might be pressuring that a little bit? Thank you, guys. And congrats again.

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Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Thanks, George. I'll take the first part. When you think about our business, we're continuously investing and expanding our distribution efforts in all our key geographies. So, it's really not a limitation of US and Europe. But that being said, we feel there remains a lot more opportunity for us in North America and that is a focus for us in 2021.

David Schwartz

Chief Financial Officer & Corporate Secretary, Nuvei Corp.

Hey, George. With respect to your question on yields and take rates, so you're right. It's exactly that. The acquisition specifically of Base Commerce has an impact on take rates. And so, Base Commerce if you recall a significant portion of that volume is ACH volume, which has lower take rates. What I would say is when we disclosed the – when we announced the acquisition of Base Commerce, the volume estimates that we gave, they were kind of low estimates and based on historical, we mentioned I think \$8 billion of ACH volume and \$2 billion of card volume.

ACH wasn't – ACH volume wasn't a metric that Base is kind of focused on. And so that volume was somewhat of a low estimate. The volume was actually closer to about \$16 billion for Base. It's about – of which \$14 billion of it is ACH. So, when you think about that, it's – it does have an impact on take rates. What I would say is that we talked about this a little bit and we're happy to talk about it a bit more. But Base commerce, strategically important to us from a solution perspective. It adds capabilities in the US that really apply to all our verticals. So, we're really excited about the acquisition and the team that came on. And that's kind of the answer on the question of kind of how we're guiding towards yields in 2021.

George Mihalos

Analyst, Cowen and Company

Appreciate the color. Thank you.

Operator: Your next question comes from the line of Sanjay Sakhrani with KBW. Please proceed with your question.

Sanjay Sakhrani

Analyst, Keefe, Bruyette & Woods, Inc.

Thanks, guys, and my congrats as well. Just to follow up on George's sort of first question. I mean, David, maybe you can just break out how much of the 2021 number includes like organic growth and expectations from share gains, et cetera, versus the acquired growth. Is there a way to get that? Thanks.

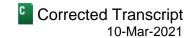
David Schwartz

Chief Financial Officer & Corporate Secretary, Nuvei Corp.

Hey, Sanjay. I'd point back to say that pro forma growth that we saw in Q4, which accelerated significantly over Q3 so that 48% on volume and 36% on revenue, that's really, I guess, the data points that – and Phil mentioned. Those are the data points to think about for – certainly for Q1.

And you see in the MD&A – if you take a look, you'll see some of the pro forma information on Smart2Pay disclosed in there. And then in our financials as well, you'll see some information that may give you some insight. But I think those growth rates on a pro forma basis are 48% and 36%, respectively. That's really – we're really

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pleased with those growth rates. And that's kind of a pro forma organic growth that we see kind of into the current period.

Sanjay Sakhrani

Analyst, Keefe, Bruyette & Woods, Inc.

Got it. And then another question on the EBITDA margins, it seems like you guys are investing heavily and there's not as significant a move in the margins as we've seen maybe last year. Could you just maybe talk about sort of where the allocations are in terms of expenses? And how we should think about the margin upside potentially as we move into next year or even in this year? Thanks.

David Schwartz

Chief Financial Officer & Corporate Secretary, Nuvei Corp.

Yeah. Sure. So from a margin perspective, you're right. I mean, when you look at the outlook, 44% roughly both for the quarter and the full year. So, we continue – as we did last year, we continue to invest in the business. Specifically, those investments are going to be in our direct sales force and we're really seeing positive and strong momentum from that sales force. And it's really just starting. And then the other part is of course on technology. That's a differentiating factor to our business and something we continue to invest in. So those two would be the drivers in terms of where the incremental spend is happening.

Of course this is a scalable business. We've said this before and, as you know – and so every dollar of gross margin does have a nice yield. So, on a go forward basis, we – obviously we haven't given any kind of outlook beyond, but of course there's expansion opportunity in the EBITDA margins as we look forward. But in the near term, what we've talked about is we're kind of just remaining focused on investing back in the business.

Sanjay Sakhrani

Analyst, Keefe, Bruyette & Woods, Inc.

Wonderful, Thanks.

Operator: Your next question comes from the line of Craig Maurer with Autonomous Research. Please proceed with your question.

Craig Maurer

Analyst, Autonomous Research LLP

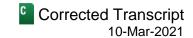
Yeah. Hi. Appreciate you taking the questions. I was hoping you could expand a little bit on the fourth quarter performance where you saw strength in verticals versus where you might have seen some weakness and how that might be changing going into first quarter. And also if you could discuss perhaps your view on the TAM for online gaming and sports betting in the US as there's been some controversy over the last couple weeks regarding what that TAM looks like due to a competitor that's also coming public. Thanks.

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Sure. I'll take that. I think when you look at fourth quarter, we're really pleased from one perspective is from a diversity side, 20% of our gross profit were less on a per vertical basis. So we're really well-diverse. And that is also from a merchant standpoint where we have no more than low single digit from a single merchant. We are seeing growth across all our core verticals. And the reason for that is because predominately our sales are driven through our direct sales force. We are able to and we manage a team both by geography and by vertical that

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allows us to curate the pipeline and allows us to focus on opportunities that we really like and opportunities that are really sound and fit for our business model.

So, it allows us to really stretch in all the core verticals. And we're seeing that momentum continue into Q1. As we highlighted, last quarter was our strongest. About 17% of the total volume in e-commerce is generated from net new business and that we're seeing continuously outperforming to Q1 as well.

On the TAM side for gaming – and the best way to go back and look at from a gaming perspective is states that are opening up and the population per state. That would be our recommendation. And so you look at states that have given licensing, some states don't require licensing and you look at the population, and I think that will give you a good sense. From a sports betting perspective, it seems to us that about 75% of the American population over the next few years will be able to legally consume sports betting. Leaving iGaming aside, that would be a good baseline for you guys to think about the TAM size.

Craig Maurer

Analyst, Autonomous Research LLP

Thank you so much.

Operator: Your next question comes from the line of Bob Napoli with William Blair. Please proceed with your question.

Robert Napoli

Analyst, William Blair & Co. LLC

Thank you. And, Phil, Dave, congratulations. I mean, really impressive fourth quarter and outlook. And it's still – I mean, I understand it's broad-based, but you've taken a lot of market share. What is – I mean, what – is it really the direct sales force? And what are you – maybe more color on the direct sales force and what exactly you're doing there. I mean, it's really impressive acceleration and as you said broad-based. Just a little more color on – and it sounds like you're focused mostly on the direct sales forces driving that acceleration.

Philip Fayer

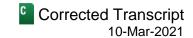
Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Yeah. Great question, Bob. Look, I think to start with, you have to appreciate the differentiated business models. So we come with real solutions to our merchants and then we end up creating relationships with our merchants and then we, over time, as we build more innovation and as we expand our service line or their business model changes allows us to expand and grow with our customers.

I think the second element that's really important from our business compared to our peers is that as we open more geographies, it opens more opportunities for us and our customers. And naturally from that single integration, we make it really simple from both front and meaning connecting with our customers as well as their back office to streamline their businesses so that they can operate singularly regardless of market anywhere around the world.

So I think that the second element of market share is not just what you have in the UK, what you have in the US. It's that there's plenty of markets that are opening for our verticals. And these markets based on geography could be gaming in LatAm. It could be gaming what's happening in North America. It could be social games or even marketplace that operate around the world.

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And so the market share is less interesting to us. What's more interesting really is what are our customers doing, how do we help them on their technology requirements, and how do we expand our product mix so that we can start growing both more wallet share with them and in more geographies.

Robert Napoli

Analyst, William Blair & Co. LLC

Great. Thank you. And then I guess just on the product skill set development. What are you investing in? What's most important? And how confident are you that you're going to get significant market share in gaming in the US and expand share in other areas? So, what is most important to invest in? Is it wallet development or I mean what areas do you need to continue to innovate?

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Yeah. Great question. I think from a product standpoint, we – our product road map is really dictated by client needs and naturally geographic needs, which differ, right? So what you have in one market may not be relevant. A great example is in the United States, we need ACH, a real-time ACH and account to account payment solutions and the evolution of ACH. And so product for us is driven by client needs, pipeline opportunities and naturally vertical requirements on a per geography basis. And our team does a really good job of assessing opportunity and naturally assigning revenue opportunities to those specific opportunities.

Coming back for US gaming. And I think you added US gaming and wallet in there. But from our standpoint, ultimately, we really look at all of these innovations, meaning how do we add more features. So, if you look at Nuvei's product mix, you can use our features be it acquiring or non-acquiring, being gateway or not, being alternative payments or not really with the flexibility of what's right for your business. And that is the innovation that we're going to be taking not just for gaming but across the board as we add more features. And they could be wallet. It could be issuing. It could be all the things that come along to it. And that's driven by our strategy group and our innovation lab.

I think we have a lot of very interesting concepts. And those concepts naturally are taken from internal work with the merchants and then come back until we productize them. So, we have lots of we think really nice opportunities to help our merchants connect with our customers because that's really what it's all about. It's how do we help our customers connect with their customers, how do we help and streamline the sales process and sell more, do more while they focus on their customer. That is really our ethos and that's where innovation comes from.

Robert Napoli

Analyst, William Blair & Co. LLC

Thank you. Appreciate it.

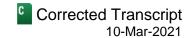
Operator: Your next question comes from the line of Andrew Schmidt with Citigroup. Please proceed with your question.

Andrew Schmidt

Analyst, Citigroup Global Markets, Inc.

Hey, guys. Thanks for taking my questions here. I just wanted to ask about pipeline. You guys had some pretty strong comments about pipeline. It seems like you're entering 2021 in a position of strength. And you historically said that integrations can take time. But maybe some comments about the pipeline that you're seeing and when

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that can flow into revenues, whether that's sort of a late 2021 or more confidence around 2022. Anything around that would be helpful.

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

A

Yeah. Great question, Andrew. I would point back into if you look at Q4 where 17% of the e-commerce volume was generated in new business. And that's a direct correlation with the investments that we've been making in sales, corporate development and marketing. And we're seeing that momentum accelerate. And so, the pipeline is a multiple of what it was last year. And it gives us a really good comfort in terms of this ability for this year.

The other thing to remember when we think about the pipeline is that it grows, right? The pipeline doesn't start January 1, Andrew, right? It's a pipeline from last year, from opportunities from last year. And those opportunities continue tabulating on top of net new ones that we drive into. So we're really excited of the depth of ultimately the verticals that we see opportunities in and the probability of closing, which gives us very good comfort for the outlook that we're getting for 2021.

For your last question of integration, it really depends on the actual merchants. So if we end up looking about what happened in Q4, a lot of effort from many merchants was PSD2. How do we manage compliance, how do we make sure we don't lose sales, how do we — so merchants, it depends on what's evolved around them, what is on their plate, and then naturally what are the features that they want to integrate from us.

So there is no golden rule of saying this could take two weeks or six weeks or eight weeks. It really depends on what they're looking from us, what they need to consume and what their own road map looks like. But the most important part from any pipeline is it starts strong in a year. And that's what we take away comfort in.

Andrew Schmidt

Analyst, Citigroup Global Markets, Inc.



Got it. That's super helpful context. And then, I completely understand that we're in a period of kind of accelerated adoption, accelerated growth. But between improvements in sort of sales productivity, the product set, et cetera, does your confidence in higher rates of sort of intermediate term growth change, like, if we think about beyond 2021? Just any thoughts on just intermediate term growth would be helpful.

Philip Fayer

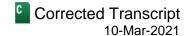
Founder, Chairman & Chief Executive Officer, Nuvei Corp.



Look, I think what's interesting for us is as we continue expanding our geographic reach; it always brings up more TAM and addressable TAM for us. So if you think about the opportunities in our business and the levers that we have, expanding our product mix helps us more deeply integrate with our customers and provide a more holistic solution, going obviously always well beyond acquiring, which is where we are today.

Adding more geographies is a key element to us as we continue helping our customers as they run through the world over, specifically as we look at the new age of digitalization. And then, honestly, the last part really is engaging with our customers early, which is something that we're doing as well, so that we know where they want to go and we know what they are doing, not just this year, but in the outer years. So it really helps us of embedding them into our road map both from a geographic expansion perspective and from a product perspective. That gives us comfort in the outer years.

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Andrew Schmidt Analyst, Citigroup Global Markets, Inc.	Q
Got it. Thanks, Phil. Appreciate it.	
Philip Fayer Founder, Chairman & Chief Executive Officer, Nuvei Corp.	A
Andrew, there's one last thing I would just mention that I think it's important	
Andrew Schmidt Analyst, Citigroup Global Markets, Inc.	Q
Sure.	
Philip Fayer Founder, Chairman & Chief Executive Officer, Nuvei Corp.	A
is all sorts of verticals that we operate in is – we find the verticals that we operate in all have some really exciting tailwinds, right? And I know a lot of us are looking at US gaming as an opportunity, and it certainly i meaningful opportunity. But gaming also has LatAm and there's also Australia. But from an overall perspect what we find in our core verticals, they're the right verticals. They're verticals with high barriers of entry and naturally we provide technology for them. But those verticals themselves we think have tremendous, tremer amount of runway available for them.	tive,
Andrew Schmidt Analyst, Citigroup Global Markets, Inc.	Q
Makes a lot of sense. Thanks for that context.	
Operator : Your next question comes from the line of Paul Steep with Scotia Capital. Please proceed with question.	your

Paul Steep

Analyst, Scotia Capital, Inc.

Great. Good morning. Phil, could you talk just a little bit about within the guidance for this year, what assumptions have you folks made in terms of, like, new client wins? You made it very clear iGaming is not in the numbers, but just wanting to sort of see what you've already got in-hand as to the firm base of that guidance?

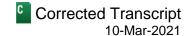
And then the second one would be for David or yourself on margin. Maybe just talk about the mix that's in there. Is there any sort of meaningful shift we've seen on that gateway transition? And I'll leave it there. Thanks.

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Sure. I'll take the first point. The way we worked at it from a guidance standpoint is obviously a rolling forecast. So we looked at our sequential month-over-month growth from our current business are opportunities that we've seen from our current customers. Naturally, many of them have materialized and opportunities that are kind of pointing over the sales pipeline. And the sales pipeline is not just what's net new; there's also been clients that have signed in Q4, Q3 that are in the process of integration. So those give us a lot of confidence.

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And I think, ultimately, we've spent a lot of time looking at January and February, and I highlighted that at the beginning of the call. But we're seeing record months on our e-commerce platform from the volume standpoint in February alone, which is traditionally not such a month. And that gives us really good comfort for the remaining of the year, both from volume conversion and an opportunity for continued expansion.

David Schwartz

Chief Financial Officer & Corporate Secretary, Nuvei Corp.

A

Hey, Paul. On the margin side, from a gross margin perspective, certainly the mix does have an impact. And I mentioned it in my comments earlier that the acquisition of Smart2Pay impacted a bit of our margin in Q4 and for the full year, both Smart2Pay and SafeCharge. They do. Just on the operating model, it's a little bit different and really comes down to kind of how we record revenue, kind of gross or net.

And so for the most part, on the card side, that's all net. And then on the APM side, it skews more on the gross side. And just based on the role we play in the transaction. So that's kind of what you'll see on the gross margin side.

From an EBITDA margin perspective, it's going to be about staying in that 44% range is kind of how we guided and provided the outlook on. And like I said earlier, just reinvestments back into the business because, of course, it's a very scalable model. It's an amazing part of the business. And so, every incremental gross profit dollar is highly accretive. But for this year, we are reinvesting back into the business, drive that incremental revenue growth and expansion that we're continuing to see.

Paul Steep

Analyst, Scotia Capital, Inc.

C

Just one clarification for Phil. Phil, earlier in the call, you talked about seeing a TAM shift on e-commerce that you thought posts – when we all get back to normal here that would hold long-term. Is there a new vertical or a new change that sort of informs that view? It's just maybe the way you said it, but I wanted to make sure we didn't miss some other more fundamental change. Thanks, guys.

Philip Faver

Founder, Chairman & Chief Executive Officer, Nuvei Corp.



Yeah. Yeah, Paul. Great question. What we found interesting is a lot of folks were always asking us about COVID bounce, right? And it is true. If you used to go to a gym, now you're dealing with your trainer online or you're driving something online. The question always happens for all of us is, what happens when the gym opens back, are you going back.

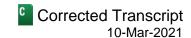
And where we are always coming back from our vertical perspective is certainly the pandemic has allowed new customers to start coming in and experiencing, be it social games or e-sports or other. And we think what's happened on this board is that it's expanded the TAM. It's expanded the people that were interested. It's expanded the consumer base and the reach base for our core verticals. And we think that is very sustainable and very dependable.

Paul Steep

Analyst, Scotia Capital, Inc.

Thank you.

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Operator: Your next question comes from the line of Paul Treiber with RBC Capital Markets. Please proceed with your question.

Paul Treiber

Analyst, RBC Capital Markets

Thanks so much and good morning. I just wanted to focus on Smart2Pay and Base Commerce. Could you elaborate on the integration of those two businesses, how it's progressing? And how you see the products coming together there?

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Sure. Great question, Paul. I'll start with Smart2Pay. Smart2Pay we closed in November. We're largely done with the integration. The team is well-embedded, both commercial, accounting and more specifically on the technical side. We are actually expanding the footprint in Romania as we've been merging world maps.

We also executed on our plan to normalize our alternative payment processing through Smart2Pay, so we've done a really good job at accelerating that and executing on the identified synergies. And finally, just on Smart2Pay, really, really great people, an amazing team, and we're very thankful to have them on board. So from Smart2Pay's perspective, integration is largely complete.

And on Base Commerce, we officially closed in January. Base Commerce had two portions of that business. One is the acquiring side, which has been embedded into our acquiring business both – and very – very nice overlap with our own business just because they use the same processor that we did, so normalization of data and processes were nicely addressable for us. The area that we find very exciting naturally, in addition to the acquiring side for Base Commerce is ACH. And ACH is a – if you think about traditional ACH to where ACH is going, we think there's a wonderful road map and a wonderful overlay within – specifically in our verticals.

So, you think about ACH standard, draft processing for ACH has evolved to check guarantee products which Base Commerce does not do and something that we're exploring is evolving to account to account payments, where integration into banks and/or be it [ph] cloud (00:40:49) for seamless log and seamless experience for users that have the same effective experiences buying with a credit card and then naturally real-time ACH for gaming operators.

So our product teams are really coming together. We think there's lots of innovation around the Base capabilities. And that is excluding, for example, bringing their technology into counter for EFT payments fall, but we think that it's a very, very nice platform for us to continue building on. The step for us was naturally integrating the acquiring side and now we're working with them and us on the product road map for the future of ACH.

Paul Treiber

Analyst, RBC Capital Markets

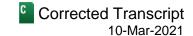
Then looking forward in terms of M&A, I mean what are your thoughts on the M&A environment here? Are you seeing assets available at reasonable prices? And do you think there'll be more acquisitions to come over the year?

Philip Faver

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

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I think we have a very deep M&A pipeline and we have quite a few interesting active conversations, Paul. But naturally it always has to sit back into our thesis of either helping us expand our geographies, helping us expand our capabilities or scale in a particular market that we may be subscale. So, yes, there are opportunities.

Look, the only thing I would highlight for us that's may be different from other companies you're following is our pond is the world. So, we're looking for opportunities that may be relevant for us in LatAm or APAC or even in Africa. So, ultimately, because we're really looking at how to help our customers expand in geographies that are relevant for those verticals, we're able to really have meaningful interesting discussions that are far beyond platforms and maybe US-only or Canadian-only. So, yes, very active but we certainly have guite a bit of discipline on what we buy and how we buy and how that will help us with respect to helping our clients connect with theirs.

Paul Treiber Analyst, RBC Capital Markets	C		
Yeah. Thanks for taking my questions.			
Philip Fayer Founder, Chairman & Chief Executive Officer, Nuvei Corp.	Д		
Thanks, Paul.			
Operator: Your next question comes from the line of John Davis with Raymond James your question.	. Please proceed with		
John Davis	C		

Hey. Good morning, guys. I just want to actually follow up on the prior question on M&A. Obviously, I think the balance sheet is in phenomenal shape, essentially no net debt, tremendous EBITDA. What's the appetite for something bigger, maybe a transformational deal if that were to come available? Do you think you could potentially do something like that? Or are you looking for more tuck-ins? And then kind of what would you be willing to take leverage up to for the right deal?

Philip Fayer Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Yeah. I think I'll answer the last question first, John, is leverage for us would never exceed 3 times. And in terms of transformational opportunities, certainly we would consider. We remain entrepreneurial, but it would have to stay true to the business. So, both in vertical and focus and geographic expansion.

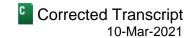
So those are some of the areas that we put on. But, naturally, we remain open. We certainly look at a lot of things. We certainly have a lot of discussions. Our M&A team is busy. And you're right, right, with respect to where we sit today, we're highly cash generative and we have very low leverage. So, we can certainly go as deep as the

opportunity presents itself provided there's a value to us.

John Davis Analyst, Raymond James & Associates, Inc.

Okay. Thanks. And I know this has been touched on a couple times. If I just take a step back, the growth rates you put up in 4Q and kind of implied can continue in 2021 are pretty much more than 2x kind of what you laid out

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in the IPO road show. And while I appreciate there is probably some conservatism there, clearly some things have gone better.

So, if you had to boil down to one or two things that have surprised you to the upside and what gives you confidence that this is sustainable, yeah, I think that would be helpful because I think it is pretty much a step function change in the growth rate of the business versus where you were last year.

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.



Yeah. Just remember, right, during the IPO and when we met at that time, we're right to the pandemic, right? So we definitely took a very conservative approach throughout the pandemic. I think the second thing that's accelerated in our business was - and we talked about this too during the road show, John, was our acceleration of net new sales, and more importantly leadership and people on board from the corporate development and the direct distribution perspective.

And then lastly was just the innovations that we had in our pipeline that were coming through. We certainly wanted to see them materialize and we spoke about that as well during the IPO road show, we want to see them materialize. And many of them have. And really what empowers us is – and you see this sequentially, right, accelerated growth in Q3 and then certainly accelerating growth in Q4 and continuing into what we think is 2021 and beyond.

So, it gives us multiple levers. I think the first one is products coming out and being well-consumed by our customers, helping us expand wallet share. I think the second one is our customers are naturally expanding and expanding with us. And the third is really net new business and winning that new business across the performance of our distribution channels. And I think lastly and then maybe in a little bit of a push, but our name is out there today and actually being a public company we get more visibility. And that has allowed us to engage with conversations that we previously didn't have.

John Davis Analyst, Raymond James & Associates, Inc.	C
Okay, Super helpful, Thanks, guys.	

ay. Super neipiui. Thanks, guys

Philip Fayer Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Thanks, John.

Operator: Your next question comes from the line of Todd Coupland with CIBC. Please proceed with your

question.

Todd Coupland

Analyst, CIBC World Markets, Inc.



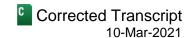
Hi, guys. Good morning, everyone. A couple of quick questions if I could. In 2021, if you could put out the – what are the key milestones for iGaming in the US marketplace both for the market and how you're looking at it?

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.



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Sure. We have and I highlighted that at the beginning of the call, right? We're taking a really disciplined approach of the crawl, walk, run. And so from our standpoint, you end up seeing an outlook with no US gaming in our outlook. And we've done that on purpose. So when you look at US gaming, it's not just acquiring. We've highlighted that before. If you think about credit card penetration versus debit and other alternative forms of payment, that drive a greater wallet share and it was a lot about getting ready for that.

We are ready for that. We've launched our first client. Other key milestones for us are naturally bank sponsors which we're pleased to say that we have as well. And then certainly expanding our ACH capabilities that we have with Base Commerce are going to be quite meaningful for us as we continue looking at growing the vertical.

Todd Coupland

Analyst, CIBC World Markets, Inc.

Great. Thank you. And then secondly, you see a little bit of activities with some of the payments peers in crypto in terms of product development. How are you thinking about crypto as an opportunity beyond marketplaces from, I guess, a tech stack perspective? Thanks a lot.

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Yeah. So crypto is highly relevant for us. So the way we think about crypto, Todd, and that's a great question is how do we facilitate payments, right? How do we help our customers connect with their customers? And then still while 65% of most crypto is speculative people are buying to hold it, over time crypto will become used and want to be consumed with. And then when you look at that a little bit further, is cryptos relevant for high-ticket items, right, be it jewelry or cars or other. So it is relevant from a security instantaneous aspect and merchants having transaction security.

So we are certainly looking at how do we enable crypto for pay-ins. Immediately with that is how do you enable crypto. Certainly a very interesting topic as well. So how do you take fiat payouts and convert them to crypto is something that we are spending time on.

And then the last element that we're looking at crypto is how do we help merchants with settlement with crypto. Because if you think about it, merchants may operate all around the world and certain countries have certain restrictions with respect to pulling money in or pulling money out and then stability on the actual currencies. As you guys know, LatAm and other places have some more volatility over currencies.

So that that is part of what our innovation team is reviewing. We find them very, very exciting. It's something that we certainly are putting time on. We don't have any timeline yet of when we would roll out, but we are spending quite a bit of effort on it thinking about how crypto can help our merchants as they operate globally.

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Analyst, CIBC World Markets, Inc.

Great. Thanks a lot. Appreciate the color.

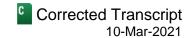
Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

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Thanks, Todd.

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Operator: [Operator Instructions] Your next question comes from the line of Timothy Chiodo with Credit Suisse. Please proceed with your question.

Timothy Chiodo

Analyst, Credit Suisse Securities (USA) LLC

Great. Thank you, guys. Okay. So, the sales force additions definitely seem to be paying off, and Phil you just mentioned that. In one of the prior questions, you alluded to it a little bit, but seems like the return there has really been strong with the merchant ads and the strong pipeline you mentioned. You also mentioned roughly 1,000 employees at this point. If you could just share maybe what the absolute number of salespeople is and how that's been growing and how you might continue to invest behind the sales force given the strong results here.

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Yeah. I think the better way to think about it is – and I don't necessarily want to go into detail of head count. But I think the best way to look at it is we've more than doubled the head count in sales in 2020 versus 2019. Our objective is to continue doing that in 2021 as we continue investing.

Thinking about our sales force, it's geography-based and vertical-based. And so, we are building up our sales capabilities in North America. And North America that includes Canada, Mexico. Included as well is LatAm. And LatAm has their own requirements on a per country basis, be it language or travel restrictions. And then, certainly, the same across Asia.

So we are spending our time. We have a really good methodology of on-boarding salespeople, training them, bringing the buddy and mentoring application. So we are definitely being very thoughtful from that and our leadership is doing excellent job as we continue expanding it.

If you remember, Tim, we always said we have an amazing technology and we're looking to scale it by distribution. And those are the investments that we have made and it's an investment that we are continuously making, so that we have presence in all relevant geographies that are relevant to the verticals that we operate in.

Timothy Chiodo

Analyst, Credit Suisse Securities (USA) LLC

All right. Excellent. Thank you. And then also earlier in your prepared remarks, you mentioned that we'll get into some of the numbers around the US processing coming in-house at a later time. But in terms of just the mechanics, maybe just walk through just as a recap, my understanding is that there's some third party processing costs that are in cost of revenue. Those are variable costs. And in theory, a portion of that will switch over to a more quasi fixed cost, if you will, once you have that in-house capability fully up and running.

Philip Fayer

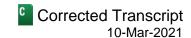
Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Yeah. Yeah. Great question. I think the way to think about that, Tim, is maybe taking a level higher. So all merchants integrate into our platform and then from our platform naturally we route and process and drive the transactions. In the US specifically, we route those transactions to a third-party for authorization, clearing and settlement. And we capture that data and we reconcile that within our platform.

That's highly differentiated from how we operate in other markets where we are the advent processor. So not only do we provide the effective gateway, we are the authorization, clearing, settlement and funding processor in that



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ecosystem. And doing that so now in the US is we have added our data centers and connected to the card brands, where we are already processing in Canada and many other markets. We have implemented that for authorization processing in the US.

And this will allow us now to start normalizing, not just our data feeds, but adding our features in terms of enhanced authorizations and the solution stack that we have. And then naturally, over time, that helps us on the road map of bringing in back end clearing and settlement. And the benefit for us as a company is not just the variable costs that are associated to it, which are significant, and you highlighted it appropriately. But it's also normalizing our global operations from clearing, settlement, reconciliation on single platforms, which is a high-value interest for us as a company, because it really creates that single experience from a global organization standpoint that will add a lot of value to our customers.

Timothy Chiodo

Analyst, Credit Suisse Securities (USA) LLC

All right. Excellent. Thank you on both of those. Appreciate you taking the questions.

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Thank you.

Operator: Your next question comes from the line of Matt O'Neill with Goldman Sachs. Please proceed with your question.

Matthew O'Neill

Analyst, Goldman Sachs

Yeah. Good morning, gentlemen. A lot of good questions asked and answered here. I was just curious, if we could follow up a little bit more specifically on the crypto side for a second. I believe last quarter you announced that you provided support for two new crypto exchanges. Can you give us any flavor of kind of how those are trending? And more broadly, typically volatility is good for exchanges. Does that sort of trickle down to you, guys, being more kind of pay-in/payout?

Philip Fayer

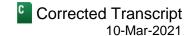
Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Yeah. Great question, Matt. So the answer is yes. I mean, we are making really good progress on that vertical and we are seeing growth in that vertical. It's still a small part of our business, so the volatility is not as meaningful as for others that have greater presence in that book of portfolio. But we certainly see opportunity there.

There's two things for volatility, right? You have the volatility of the price itself which drives the volume, right? So, effectively, the price of the coin going up or down will certainly impact the exchanges or their volume and certainly have an impact on our revenue. But today, Matt, it's a smaller part of the business, something that we think is an extension to our financial service vertical, and something that we think is highly compelling just because of our solution stack for pay-in and payouts, and our global capabilities, and our fraud and AML, and other tools that we provide them.

So it's a highly relevant vertical, growing. We are winning nicely in that space, and we think that there's tremendous amount of tailwinds in that particular space as well. But it's too small still for us today to say that the volatility has any meaningful impact to us.

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Matthew O'Neill

Analyst, Goldman Sachs

Pleasure.

Richard Tse

Analyst, National Bank Financial, Inc.

That's very helpful. I guess just as a follow up and thinking about pay-ins and payouts and crypto and the way people are using it more as an investment as opposed to utility today. Presumably, the dollar amounts going in and out are larger. So is the acquisition of Base Commerce and the ACH capabilities that that added to Nuvei kind of an integral additional step to better position you guys as a provider to a crypto exchange going forward?

Philip Fayer
Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Yeah. And it's really across all our verticals. But you're absolutely right. So if you think about eSports or social gamings or regulated gaming or crypto itself, where you have the on-ramp in crypto and the off-ramp, or in gaming you have the pay-ins and payouts for winnings, or in lotteries, or in marketplaces where you need to pay your sub-merchants, meaning that you have a house. In this case, we use Amazon because everybody knows that name, but there's hundreds of small businesses underneath that.

And so, you pay the house and you pay the sub-merchants. And then as refunds come in or other, that capability helps drive us in market. And it's highly relevant for the US market. So it was a nice fit and certainly has relevance, not just in one market, but all. And then relevance of that will grow, right? Think about real-time ACH. You think about bank based and account to account payments. You think about the evolution of ACH. It's a very compelling opportunity for Nuvei.

Matthew O'Neill

Analyst, Goldman Sachs

Thanks a lot, Phil.

Philip Fayer
Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Operator: Your next question comes from the line of Richard Tse with National Bank Financial. Please proceed

with your question.

Yes. Thank you. So you guys are obviously making some pretty meaningful share gains here. I was wondering if you could maybe talk even at a higher level kind of where those gains may be coming from on a competitive level

you could maybe talk even at a higher level kind of where those gains may be coming from on a competitive leve here.

Philip Fayer
Founder, Chairman & Chief Executive Officer, Nuvei Corp.

Richard, you're referring to we're getting them from who or what vertical? Maybe you can help me understand the question.

Richard Tse

Analyst, National Bank Financial, Inc.

Just probably more on the competitive environment through your sort of kind of getting traction and against in the marketplace broadly.

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

A

Sure. That's a great question. I think when you end up looking at global acquiring, Richard, there's only a handful of companies that have our stack and our capabilities, right? The single platform experience, it helps merchants collapse all kinds of different integrations on a per country basis. Like the US would be seven or eight different technical integrations. Canada might be the same. And then if you're starting to add and operate in many, many different countries, there's just a limited amount of folks that have our capability stack. So we see them, typically, the Worldpay, a little bit more of Checkout and certainly Adyen. We see them the most.

Thereafter, it really depends on the journey of where that merchant is. So you have your more regional established players. And that really is on a per country basis. So in Canada, I don't remember the stats, but I think Moneris has 35% or 40% market share. So chances are one out of three merchants would be a Moneris merchant, for example, and that would be different in Brazil or the United States and Mexico.

So in general, from the global acquiring perspective, Checkout, Adyen and Worldpay are the ones that we see most often. And they have very interesting breadth of products. And then certainly on the regional side, they're more limited to regional solution stacks. And we think that we could be really, really favorably really across the board.

Richard Tse

Analyst, National Bank Financial, Inc.

C

Okay. Great. And just one sort of last one just going back to guidance here. It seems like you're good at taking a pretty conservative view on guidance. So one of the verticals, I don't think you've talked about, and I know it's not a big part of the business. But when it comes to travel, have you baked any in the guidance or is that kind of all gravy here going forward as well? Thanks.

Philip Fayer

Founder, Chairman & Chief Executive Officer, Nuvei Corp.

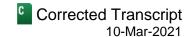


Yeah. Great question. So, travel is less than 2%. Certainly, travel is an opportunity. We mentioned that if you remember over the past little. But travel is, we think, a very, very nice opportunity business. We hope to announce a pretty meaningful partnership in the coming months.

And from our standpoint, the shape of travel and how travel will continue evolving, for us is not a if travel comes back really, it's just a when travel comes back. And certainly that is going to the upside because travel uses really all the functionality that we provide, right? They need pay-in and payouts. They operate globally and they have the propensity to require all these different local payment methods that they have to reconcile and manage all through one head office here in the US or other.

So ultimately, our service offerings for travel are quite compelling. I think the biggest element for travel that we're still cautiously optimistic for but certainly will be the financial wherewithal of future delivery, and that's something that we're taking a really conservative view on in terms of what specific verticals of travel that we want to start working with. But we did publish a white paper a few months – a few weeks ago actually, and we think travel is certainly on the way back and it's certainly a nice upside for Nuvei.

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Richard Tse

Analyst, National Bank Financial, Inc.

That's great. Thank you.

Q

Operator: Ladies and gentlemen, we have reached the end of the question-and-answer session. This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.

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