

Nuvei Corporation

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three months and nine months ended September 30, 2020
(in thousands of US dollars)

Nuvei Corporation

Consolidated statements of financial position

(Unaudited)

(in thousands of US dollars)

	Notes	September 30, 2020 \$	December 31, 2019 \$
Assets			
Current assets			
Cash		99,426	60,072
Trade and other receivables	4	31,880	34,069
Inventory		540	709
Prepaid expenses		1,648	964
Current portion of advances to third parties	5	7,914	8,901
Current portion of contract assets		1,755	1,720
Total current assets before segregated funds		143,163	106,435
Segregated funds		301,352	200,612
Total current assets		444,515	307,047
Non-current assets			
Advances to third parties	5	41,442	42,584
Property and equipment		15,228	15,272
Intangible assets		362,234	408,380
Goodwill		760,833	768,497
Contract assets		1,291	1,426
Processor deposits		13,292	12,478
Other non-current assets		1,851	3,088
Total Assets		1,640,686	1,558,772
Liabilities			
Current liabilities			
Trade and other payables	6	57,477	51,258
Income taxes payable		153	2,866
Current portion of loans and borrowings	7	2,319	2,874
Other current liabilities		4,196	9,875
Liability-classified common shares	9	-	58,262
Liability-classified preferred shares	9	-	39,967
Total current liabilities before due to merchants		64,145	165,102
Due to merchants		301,352	200,612
Total current liabilities		365,497	365,714
Non-current liabilities			
Loans and borrowings	7	106,037	722,166
Deferred tax liabilities		7,572	12,976
Other non-current liabilities		2,263	4,875
Unsecured convertible debentures due to shareholders	8	-	109,022
Total Liabilities		481,369	1,214,753
Contingencies	18		
Subsequent event	19		

Nuvei Corporation

Consolidated statements of financial position

(Unaudited)

(in thousands of US dollars)

	Notes	September 30, 2020 \$	December 31, 2019 \$
Equity			
Equity attributable to shareholders			
Share capital			450,523
Contributed surplus	9	1,371,043	1,603
Deficit		8,767	(104,812)
Accumulated other comprehensive income (loss)		(232,768)	(10,385)
		<u>4,076</u>	<u>(10,385)</u>
		1,151,118	336,929
Non-controlling interest		<u>8,199</u>	<u>7,090</u>
		1,159,317	344,019
Total Equity		<u>1,159,317</u>	<u>344,019</u>
Total Liabilities and Equity		<u>1,640,686</u>	<u>1,558,772</u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Nuvei Corporation

Interim consolidated statements of profit or loss and comprehensive loss

(Unaudited)

For the three months and nine months ended September 30

(in thousands of US dollars, except for share and per share amounts)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2020 \$	2019 \$	2020 \$	2019 \$
Revenue	11	93,599	70,752	259,165	166,489
Cost of revenue	11	17,007	12,173	45,736	27,683
Gross profit		76,592	58,579	213,429	138,806
Selling, general and administrative	11	61,398	62,689	168,499	138,405
Operating profit (loss)		15,194	(4,110)	44,930	401
Finance income	12	(1,375)	(1,532)	(4,170)	(4,058)
Finance costs	12	90,933	62,069	171,368	71,386
Net finance costs		89,558	60,537	167,198	67,328
Loss before income tax		(74,364)	(64,647)	(122,268)	(66,927)
Income tax expense (recovery)		3,505	1,049	3,979	(539)
Net loss		(77,869)	(65,696)	(126,247)	(66,388)
Other comprehensive income (loss)					
Items that may be reclassified subsequently to profit or loss					
Foreign operations – foreign currency translation differences		(8,849)	1,836	14,461	843
Total comprehensive loss		(86,718)	(63,860)	(111,786)	(65,545)
Net loss attributable to:					
Common shareholders of the Company		(78,579)	(66,054)	(127,956)	(66,915)
Non-controlling interest		710	358	1,709	527
		(77,869)	(65,696)	(126,247)	(66,388)
Comprehensive loss attributable to:					
Common shareholders of the Company		(87,428)	(64,218)	(113,495)	(66,072)
Non-controlling interest		710	358	1,709	527
		(86,718)	(63,860)	(111,786)	(65,545)
Net loss per share	13				
Net loss per share attributable to common shareholders of the Company (basic and diluted)		(0.88)	(1.10)	(1.49)	(1.11)
Weighted average number of common shares outstanding (basic and diluted)		89,217,178	60,072,213	86,153,927	60,072,213

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Nuvei Corporation

Interim consolidated statements of profit or loss and comprehensive loss

(Unaudited)

For the three months and nine months ended September 30

(in thousands of US dollars, except for share and per share amounts)

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Net loss for the period		(126,247)	(66,388)
Adjustments for:			
Depreciation of property and equipment		4,142	2,115
Amortization of intangible assets		47,121	31,969
Amortization of contract assets		1,697	1,809
Share-based payments	16	7,207	767
Net finance costs	12	167,198	67,328
Impairment on disposal of a subsidiary	10	338	-
Income tax expense (recovery)		3,979	(539)
Changes in non-cash working capital items	17	637	11,568
Interest paid		(42,293)	(21,089)
Net realized loss on foreign currency exchange		(5,937)	-
Income taxes paid		(10,579)	(2,083)
		<u>47,263</u>	<u>25,457</u>
Cash flows from (used in) investing activities			
Business acquisitions, net of cash acquired		-	(780,196)
Decrease (increase) in other non-current assets		(1,080)	2,585
Proceeds from the sale of a subsidiary, net of cash	10	19,045	-
Sale of equity investments		-	21,800
Net decrease (increase) in advances to third parties	5	2,129	(13,564)
Acquisition of property and equipment		(1,701)	(1,349)
Acquisition of intangible assets		(10,570)	(4,663)
		<u>7,823</u>	<u>(775,387)</u>
Cash flows (used in) from financing activities			
Transaction costs related to loans and borrowings		(293)	(27,491)
Redemption of preferred shares		-	(2,299)
Issuance of preferred shares		-	81,240
Issuance of convertible debentures due to shareholders		-	199,000
Repayment of convertible debentures due to shareholders		(93,384)	-
Issuance of Class B common shares		150	-
Issuance of Subordinate Voting Shares, net of issuance fees		719,886	-
Proceeds from loans and borrowings		-	629,509
Repayment of loans and borrowings		(642,786)	(60,507)
Payment of lease liabilities		(691)	(701)
		<u>(17,118)</u>	<u>818,751</u>
Effect of movements in exchange rates on cash		<u>1,386</u>	<u>40</u>
Net increase in cash		<u>39,354</u>	<u>68,861</u>
Cash – Beginning of period		<u>60,072</u>	<u>6,070</u>
Cash – End of period		<u>99,426</u>	<u>74,931</u>

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Nuvei Corporation

Interim consolidated statements of profit or loss and comprehensive loss

(Unaudited)

For the three months and nine months ended September 30

(in thousands of US dollars, except for share and per share amounts)

	Attributable to shareholders of the Company				Non-controlling interest	Total equity
	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)		
	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2019	168,203	609	(34,310)	(1,160)	-	133,342
Transactions with owners of the Company						
<i>Contributions and distributions</i>						
Share issuance	5,966	-	-	-	-	5,966
Equity-settled share-based payment	-	767	-	-	-	767
Business acquisitions	-	-	-	-	6,413	6,413
Net loss and comprehensive loss	-	-	(66,915)	843	527	(65,545)
Balance as at September 30, 2019	174,169	1,376	(101,225)	(317)	6,940	80,943
Balance as at January 1, 2020	450,523	1,603	(104,812)	(10,385)	7,090	344,019
Transactions with owners of the Company						
<i>Contributions and distributions</i>						
Share issuance	920,328	-	-	-	-	920,328
Share redemption	(1)	-	-	-	-	(1)
Equity-settled share-based payment	193	7,164	-	-	-	7,357
Dividend paid to non-controlling interest	-	-	-	-	(600)	(600)
Net loss and comprehensive loss	-	-	(127,956)	14,461	1,709	(111,786)
Balance as at September 30, 2020	1,371,043	8,767	(232,768)	4,076	8,199	1,159,317

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Nuvei Corporation

Notes to condensed interim consolidated financial statements

Three months and nine months ended September 30, 2020

(in thousands of US dollars, except for share and per share amounts)

1 Reporting entity and reorganization

Nuvei Corporation (“Nuvei” or the “Company”) is a global provider of payment technology solutions to merchants and partners in North America, Europe, Asia Pacific and Latin America and is domiciled in Canada with its registered office located at 1100 René-Lévesque Blvd, 9th floor, Montreal, Quebec, Canada. Nuvei was incorporated on September 1, 2017 under the Canada Business Corporations Act (“CBCA”) under the name 10390461 Canada Inc. and changed its name to Pivotal Development Corporation Inc. on September 21, 2017 and to Nuvei Corporation on November 27, 2018.

On September 21, 2017, through a series of transactions, Nuvei acquired 100% of Pivotal Holdings Ltd.

On September 22, 2020, the Company was amalgamated with its subsidiary Nuvei Holdings Corporation (“NHC”), previously known as Pivotal Holdings Corporation (“PHC”).

Also on September 22, 2020, the Company filed a prospectus with the securities regulatory authorities in each of the provinces and territories of Canada in connection with an initial public offering (“IPO”) of Subordinate Voting Shares in the capital of the Company (the “Offering”). The Offering consisted of an offering of Subordinate Voting Shares issued from treasury, payable on closing of the Offering for aggregate net proceeds to the Company totalling \$715,481 after deduction of \$42,966 of issuance fees payable by the Company (note 9). The net proceeds were used to repay in full the principal amount, outstanding original issue discount and accrued interest, on the unsecured convertible debenture due to shareholders (note 8) in the amount of \$93,384 and to deleverage the Company’s financial position by repaying \$615,600 aggregate principal amount of term loans under the first lien credit facilities and second lien credit facility (note 7).

2 Basis of preparation and consolidation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). Certain information and disclosures have been omitted or condensed. The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the most recent annual audited consolidated financial statements except for the new accounting standards and interpretations adopted as of January 1, 2020 (see note 3). There are no other material changes to the Company’s significant accounting policies during the nine months ended September 30, 2020, as compared to the significant accounting policies described in the Company’s annual consolidated financial statements for the year ended December 31, 2019.

Accordingly, these condensed interim consolidated financial statements should be read together with the Company’s audited consolidated financial statements and notes thereto for the year ended December 31, 2019.

These condensed interim consolidated financial statements were authorized for issue by the Company’s Board of Directors on November 9, 2020.

Nuvei Corporation

Notes to condensed interim consolidated financial statements

Three months and nine months ended September 30, 2020

(in thousands of US dollars, except for share and per share amounts)

Operating segments

The Company has one reportable segment for the provision of payment technology solutions to merchants and partners in North America, Europe, Asia Pacific and Latin America.

Seasonality of interim operations

The operations of the Company can be seasonal, and the results of operations for any interim period are not necessarily indicative of operations for the full year or any future period.

Estimates, judgments and assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The significant estimates, judgments and assumptions made by management are the same as those applied and described in the Company's audited annual consolidated financial statements for the year ended December 31, 2019, except for the fact that the stock options with a clawback provision had this provision removed as part of the IPO process (note 16), Actual results may differ from these estimates, judgments and assumptions.

3 Significant accounting policies and other changes in the current reporting period

COVID-19

The outbreak of the novel strain of the coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Since the beginning of March 2020, the Company has been monitoring the potential impact on its activities.

While the disruption is currently expected to be temporary, there is uncertainty as to its duration. As of the time of finalization of these condensed interim consolidated financial statements, it is not possible to reliably estimate the length and severity of these developments and their impact on the financial results and condition of the Company.

New accounting standards and interpretations adopted

A number of amendments to existing standards issued by the IASB have been applied in preparing these condensed interim consolidated financial statements.

Nuvei Corporation

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Three months and nine months ended September 30, 2020

(in thousands of US dollars, except for share and per share amounts)

Amendments to references to conceptual framework in IFRS Standards

On March 29, 2018, the IASB issued a revised version of its *Conceptual Framework*, which included the following main improvements:

- New concepts on measurement, including factors to be considered when selecting a measurement basis;
- New concepts on presentation and disclosure, including when to classify income and expenses in other comprehensive income;
- New guidance on when assets and liabilities are removed from financial statements;
- Updated definitions of an asset and liability;
- Updated criteria for including assets and liabilities in financial statements; and
- Clarifications of prudence, stewardship, measurement uncertainty and substance over form.

The Company adopted the standard and determined that the adoption had no material impact on the condensed interim consolidated financial statements.

Definition of a business (amendments to IFRS 3, Business Combinations)

On October 22, 2018, the IASB issued amendments to IFRS 3, Business Combinations, that seek to clarify whether an acquisition results in a business acquisition or a group of assets. The amended definition of a business will have a narrow scope, stating that the process must be substantial, and that the inputs and the process must together have the capacity to contribute significantly to the creation of outputs. In addition, the definition of output will be reduced to the concept of goods and services to customers, whereas the previous definition emphasized returns in form of dividends. The amendments also include an optional fair value concentration test that simplifies the assessment of whether an acquisition results in a business acquisition or a group of assets.

This amendment did not have an impact on these condensed interim consolidated financial statements.

Definition of material (Amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)

On October 31, 2018, the IASB clarified the definition of materiality. Following this amendment, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The amendments did not result in a material adjustment to these condensed interim consolidated financial statements.

Nuvei Corporation

Notes to condensed interim consolidated financial statements

Three months and nine months ended September 30, 2020

(in thousands of US dollars, except for share and per share amounts)

Amendments to hedge accounting requirements

On September 26, 2019, the IASB published Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) as a first reaction to the potential effects the interbank offered rate (IBOR) reform could have on financial reporting. IBORs are interest reference rates, such as LIBOR, EURIBOR and TIBOR, that represent the cost of obtaining unsecured funding, in a particular combination of currency and maturity and in a particular interbank term lending market. Recent market developments have brought into question the long-term viability of those benchmarks. The amendments, which address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The amendments modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of IBOR reform, and require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The amendments did not result in a material adjustment to these condensed interim consolidated financial statements.

New accounting standards and interpretations issued but not yet adopted

Amendments to liability classification

On January 23, 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements (the amendments), to clarify the requirements for classifying liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists;
- Management expectations about events after the statement of financial position date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant; and
- The amendments clarify the situations that are considered settlement of a liability.

Amendments to references to conceptual framework in IFRS Standards

This amendment replaces references to the 2001 Conceptual Framework for Financial Reporting to the 2018 Conceptual Framework for Financial Reporting in order to determine what constitutes an asset or liability in a business combination, add a new exception for certain liabilities and contingent liabilities to refer to IAS 37 or IFRIC 21 rather than to the 2018 Conceptual Framework, and clarify that an acquirer should not recognize contingent assets at the acquisition date.

Amendments to onerous contracts – cost of fulfilling a contract

The meaning of “costs to fulfil a contract”, and that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

Nuvei Corporation

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(in thousands of US dollars, except for share and per share amounts)

Amendments to IAS 16 – proceeds before intended use

This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly), clarify that an entity is “testing whether the asset is functioning properly” when it assesses the technical and physical performance of the asset and require certain related disclosures.

Amendments to IAS 1 – classification of liabilities as current or non-current

IAS 1 was amended to clarify how to classify debt and other liabilities as either current or non-current.

The new guidance will be effective for annual periods starting on or after January 1, 2022. Management has not yet determined the impact, if any, on the Company.

4 Trade and other receivables

	September 30, 2020	December 31, 2019
	\$	
Trade accounts receivable	27,358	28,870
Investment tax credits	1,393	1,667
Other	3,129	3,532
Total	31,880	34,069

5 Advances to third parties

Advances to third parties comprise the following:

	September 30, 2020	December 31, 2019
	\$	
Advances to third party independent sales organization	49,035	51,175
Other	321	310
	49,356	51,485
Current portion	7,914	8,901
Long-term portion	41,442	42,584
	49,356	51,485

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Notes to condensed interim consolidated financial statements

Three months and nine months ended September 30, 2020

(in thousands of US dollars, except for share and per share amounts)

The movement in the advances to a third party independent sales organization is as follows:

	Nine months ended September 30, 2020	Year ended December 31, 2019
	\$	\$
Balance, beginning of period	51,175	35,435
Acquisition	3,240	20,995
Fair value true-up	-	1,228
Interest on advances to third parties	4,135	5,188
Merchant residuals received	(9,515)	(11,671)
	<hr/>	<hr/>
Balance, end of period	49,035	51,175

6 Trade and other payables

Trade and other payables comprise the following:

	September 30, 2020	December 31, 2019
	\$	\$
Trade accounts payable	18,026	15,288
Accrued bonuses and other compensation-related liabilities	11,329	8,397
Sales tax	6,420	4,887
Interest payable	951	2,792
Due to processors	4,034	2,823
Due to merchants not related to the segregated funds	12,814	14,923
Other accrued liabilities	3,903	2,148
	<hr/>	<hr/>
	57,477	51,258

Nuvei Corporation

Notes to condensed interim consolidated financial statements

Three months and nine months ended September 30, 2020

(in thousands of US dollars, except for share and per share amounts)

7 Loans and borrowings

	Facility \$	September 30, 2020 \$	December 31, 2019 \$
Amended and Restated Credit Facility			
First lien term loan facilities			
US term loan	90,000	15,063	84,833
Canadian term loan	465,000	73,605	413,613
Delayed draw US term loan	65,000	10,723	60,193
Revolving credit facility	50,000	-	4,727
Second lien Canadian term loan facility	225,000	-	154,435
Total credit facilities		99,391	717,801
Lease liabilities		8,965	7,239
Current portion of loans and borrowings		108,356 (2,319)	725,040 (2,874)
Loans and borrowings		106,037	722,166

Loans and borrowings are presented net of unamortized transaction costs. Transaction costs relating to the issuance of loans and borrowings are amortized over the term of the debt using the effective interest rate method. Due to the partial repayment of the first lien term loan facilities and full repayment of the second lien term loan facility as described in note 1, \$24,491 of unamortized transaction costs were recognized as interest on loans and borrowings in finance costs during the third quarter of 2020.

On September 4, 2020, a lease related to a right-of-use asset of an office space was renewed having the effect to increase property and equipment by \$2,862 with a corresponding lease liability being recorded.

8 Unsecured convertible debentures due to shareholders

The movement in the unsecured convertible debenture due to shareholders is as follows:

	Nine months ended September 30, 2020 \$	Year ended December 31, 2019 \$
Balance, beginning of period	109,022	-
Issuance	-	199,000
Interest capitalized on unsecured debentures	15,503	12,520
Conversion to Class A common shares, Series C	(30,180)	-
Cash repayment	(93,384)	(102,498)
Other	(961)	-
Balance, end of period	-	109,022

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A portion of the net proceeds from the Offering described in note 1 was used to repay the unsecured convertible debentures due to shareholders.

9 Share capital

The Offering mentioned in note 1 consisted of an IPO of 29,171,050 Subordinate Voting Shares issued by Nuvei at the Offering price of US\$26.00 per Subordinate Voting Share.

Immediately prior to the completion of the Offering, the Company completed the following transactions (the “Reorganization”):

- The share capital of the Company was modified to consist of an unlimited number of Multiple Voting Shares, Subordinate Voting Shares and Class A preferred shares, issuable in series, and 1,000 Class B preferred shares;
- An amount of \$30,180 in principal amount and accrued interest on the unsecured convertible debentures was converted into Class A common shares of the Company.
- The outstanding Class A common shares (all series) and Class B common shares of the Company were converted into Subordinate Voting Shares on a 2.8-for-1 basis;
- The outstanding Class B preferred shares of NHC were converted into Subordinate Voting Shares on a 2.8-for-1 basis;
- The outstanding Class A common shares, Class B common shares, Class A preferred shares and Class D preferred shares of NHC held by the Company were cancelled without consideration;
- The outstanding Class A preferred shares of the Company were converted into Class B preferred shares on a 1-for-1 basis. Certain shareholders then purchased all the Class B preferred shares. Subsequently, the Company redeemed the shares. The share capital of the Company was then amended pursuant to articles of amendment under the CBCA to remove the Class B preferred shares from the Company’s authorized share capital and redesignate the Class A preferred shares as the “preferred shares”;
- The Subordinate Voting Shares held by certain shareholders were exchanged for an equal number of Multiple Voting Shares pursuant to share exchange agreements entered into between the Company and certain shareholders.

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Classification as equity and liability

The outstanding share capital of the Company, its subsidiary and related put options are classified as equity or liabilities as follows and changes to the Company's share capital were as follows:

Classified as liability

Type of share	Nine months ended September 30, 2020		Year ended December 31, 2019	
	Quantity	Value \$	Quantity	Value \$
Company's share capital				
Class A common shares, Series A				
Balance, beginning of period	14,175,549	58,262	14,175,549	23,815
Conversion into Subordinate Voting Shares	(14,175,549)	(131,691)	-	-
Changes in the redemption amount accounted as financing costs	-	73,429	-	34,447
Balance, end of period	-	-	14,175,549	58,262
Class B preferred shares				
Balance, beginning of period	-	-	-	-
Issuance of shares	-	-	89,239,939	89,240
Changes in the redemption amount accounted as financing costs	-	-	-	4,548
Exchanged for Class A common shares	-	-	(89,239,939)	(93,788)
Balance, end of period	-	-	-	-
Subsidiary's share capital				
Class A preferred shares				
Balance, beginning of period	-	-	5,148,590	5,859
Purchased by the parent company	-	-	(5,148,590)	(5,859)
Balance, end of period	-	-	-	-
Class B preferred shares				
Balance, beginning of period	32,000,000	39,967	40,000,000	45,218
Conversion into Subordinate Voting Shares	(32,000,000)	(42,976)	-	-
Purchased by the parent company	-	-	(8,000,000)	(9,506)
Changes in the redemption amount accounted as financing costs	-	3,009	-	4,255
Balance, end of period	-	-	32,000,000	39,967
Class D preferred shares				
Balance, beginning of period	-	-	53,832,077	53,832
Purchased by the parent company	-	-	(53,832,077)	(53,832)
Balance, end of period	-	-	-	-
Total	-	-	46,175,549	98,229

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(in thousands of US dollars, except for share and per share amounts)

Classified as equity

Type of share	Nine months ended September 30, 2020		Year ended December 31, 2019	
	Quantity	Value \$	Quantity	Value \$
Company's share capital				
Class A common shares, Series A				
Balance, beginning of period	68,032,894	103,271	56,702,197	56,702
Issuance of shares	-	-	11,330,697	46,569
Conversion into Subordinate Voting Shares	(68,032,894)	(103,271)	-	-
Balance, end of period	-	-	68,032,894	103,271
Class A common shares, Series B				
Balance, beginning of period	66,739,698	86,145	60,500,000	60,500
Issuance of shares	-	-	6,239,698	25,645
Conversion into Subordinate Voting Shares	(66,739,698)	(86,145)	-	-
Balance, end of period	-	-	66,739,698	86,145
Class A common shares, Series C				
Balance, beginning of period	56,259,910	72,618	51,000,000	51,000
Issuance of shares	-	-	5,259,910	21,618
Issuance of shares – Unsecured convertible debenture conversion	3,250,206	30,180	-	-
Conversion into Subordinate Voting Shares	(59,510,116)	(102,798)	-	-
Balance, end of period	-	-	56,259,910	72,618
Class A common shares, Series D				
Balance, beginning of period	44,403,491	182,498	-	-
Issuance of shares	-	-	44,403,491	182,498
Conversion into Subordinate Voting Shares	(44,403,491)	(182,498)	-	-
Balance, end of period	-	-	44,403,491	182,498
Class B common shares				
Balance, beginning of period	1,457,360	5,990	-	-
Issuance of shares	89,286	193	1,457,360	5,990
Conversion into Subordinate Voting Shares	(1,546,646)	(6,183)	-	-
Balance, end of period	-	-	1,457,360	5,990
Class A preferred shares				
Balance, beginning of period	1,000	1	1,000	1
Conversion into Class B preferred shares	(1,000)	(1)	-	-
Balance, end of period	-	-	1,000	1
Class B preferred shares				
Balance, beginning of period	-	-	-	-
Issuance of shares – Class A preferred shares conversion	1,000	1	-	-
Redemption of shares	(1,000)	(1)	-	-
Balance, end of period	-	-	-	-

Nuvei Corporation

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Three months and nine months ended September 30, 2020

(in thousands of US dollars, except for share and per share amounts)

Type of share	Nine months ended September 30, 2020		Year ended December 31, 2019	
	Quantity	Value \$	Quantity	Value \$
Subordinate Voting Shares				
Balance, beginning of period	-	-	-	-
Issuance of shares				
Conversion of Class A common shares, series A, B, C, and D	90,307,767	606,403	-	-
Conversion of Class B common and preferred shares and convertible debentures	11,980,945	49,159	-	-
Issuance under IPO	29,171,050	758,447	-	-
Conversion into multiple voting shares	(92,247,808)	(486,062)	-	-
Issuance fees	-	(42,966)	-	-
Balance, end of period	39,211,954	884,981	-	-
Multiple voting shares				
Balance, beginning of period	-	-	-	-
Issuance of shares	92,247,808	486,062	-	-
Balance, end of period	92,247,808	486,062	-	-
Total	131,459,762	1,371,043	236,894,353	450,523

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(Unaudited)

September 30, 2020 and 2019

(in thousands of US dollars, except for per share amounts)

10 Disposition of subsidiary

On February 19, 2020, the Company agreed to sell CreditGuard, a wholly owned subsidiary of the Company, to the MAX group, for \$21,108 including adjustments estimated at \$1,108. The measurement of the assets and liabilities of CreditGuard at fair value less cost to sell during the first quarter resulted in an impairment of \$487 being recognized in selling, general and administrative. The closing of the sale of CreditGuard occurred in May 2020 and was subject to a working capital adjustment. An amount of \$250 was held in escrow, of which \$149 was released to the Company in July 2020 resulting in a reversal of impairment of the same amount.

Assets and liabilities sold comprise the following:

	\$
Goodwill	7,664
Intangible assets	9,689
Trade and other receivables	1,673
Other assets	<u>1,864</u>
Assets disposed	<u>20,890</u>
Accounts payable and accrued liabilities	779
Other liabilities	<u>728</u>
Liabilities disposed	<u>1,507</u>
Proceeds received, net of cash	<u>19,045</u>

Nuvei Corporation

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(Unaudited)

September 30, 2020 and 2019

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11 Revenue and expenses by nature

	Three months ended September 30,		Nine months ended September 30,	
	2020 \$	2019 \$	2020 \$	2019 \$
Revenue				
Merchant transaction and processing services revenue	91,459	68,049	252,410	159,982
Other revenue	2,140	2,703	6,755	6,507
	<u>93,599</u>	<u>70,752</u>	<u>259,165</u>	<u>166,489</u>
Cost of revenue				
Processing cost	15,790	10,390	41,821	22,479
Cost of goods sold	1,217	1,783	3,915	5,204
	<u>17,007</u>	<u>12,173</u>	<u>45,736</u>	<u>27,683</u>
Selling, general and administrative				
Commissions	17,396	17,452	49,306	48,492
Depreciation and amortization	16,931	15,357	51,263	34,084
Employee compensation	15,129	12,431	42,847	28,380
Transaction losses	475	1,039	948	1,897
Professional fees	2,835	15,477	7,439	18,343
Share-based payments	6,472	425	7,207	767
Contingent consideration adjustment	(784)	(2,299)	(2,054)	(2,299)
Net loss on foreign currency exchange	778	125	3,118	2,602
Other	2,166	2,682	8,425	6,139
	<u>61,398</u>	<u>62,689</u>	<u>168,499</u>	<u>138,405</u>

Selling, general and administrative expenses are net of investment tax credits of \$384 for the three and nine months ended September 30, 2020 (\$81 for the three months ended September 30, 2019 and \$306 for the nine months ended September 30, 2019).

Nuvei Corporation

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(Unaudited)

September 30, 2020 and 2019

(in thousands of US dollars, except for per share amounts)

12 Net finance costs

	Three months ended September 30,		Nine months ended September 30,	
	2020 \$	2019 \$	2020 \$	2019 \$
Finance income				
Interest on advances to third parties	(1,375)	(1,532)	(4,170)	(4,058)
Finance costs				
Net (gain) loss on foreign currency exchange	(10,322)	1,896	14,771	(3,557)
Interest on loans and borrowings (excluding lease liabilities)	35,124	14,454	64,424	26,724
Change in redemption amount of liability-classified Class A common shares	57,978	34,446	73,429	34,446
Change in redemption amount of subsidiary's preferred shares	974	1,044	3,009	3,452
Change in redemption amount of Company's preferred shares	-	1,736	-	1,736
Gain on redemption amount of subsidiary's preferred shares	-	(1,506)	-	(1,506)
Interest on unsecured debentures	7,005	5,135	15,503	5,135
Interest on lease liabilities	173	33	230	103
Loss on debt modification	-	4,830	-	4,830
Other interest expense	1	1	2	23
	90,933	62,069	171,368	71,386
Net finance costs	89,558	60,537	167,198	67,328

Nuvei Corporation

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(Unaudited)

September 30, 2020 and 2019

(in thousands of US dollars, except for per share amounts)

13 Loss per share

Previous to the IPO, the Company had three categories of potential dilutive securities: convertible liability-classified shares, unsecured convertible debentures due to shareholders, and stock options. Since the IPO, only stock options are considered to be potentially dilutive.

Diluted loss per share excludes all dilutive potential shares if their effect is anti-dilutive. As a result of net losses incurred for the three months and nine months ended September 30, 2020 and 2019, the potential dilutive securities have been excluded from the calculation of diluted loss per share because including them would be anti-dilutive; therefore, basic and diluted number of shares used in the calculation is the same for those periods.

Stock options could potentially dilute earnings per share in the future.

	<u>Three months ended</u> <u>September 30,</u>		<u>Nine months ended</u> <u>September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$	\$	\$	\$
Net loss attributable to common shareholders of the Company (basic and diluted)	(78,579)	(66,054)	(127,956)	(66,915)
Net loss per share attributable to common shareholders of the Company (basic and diluted)	(0.88)	(1.10)	(1.49)	(1.11)
Weighted average number of common shares outstanding (basic and diluted)*	89,217,178	60,072,213	86,153,927	60,072,213

* The weighted average number of common shares outstanding previous to the IPO has been adjusted to take into consideration the Reorganization discussed in note 9.

14 Related party transactions

Transactions with key management personnel

Key management personnel compensation comprises the following:

	<u>Three months ended</u> <u>September 30,</u>		<u>Nine months ended</u> <u>September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$	\$	\$	\$
Salaries and short-term employee benefits	1,041	700	2,835	2,176
Share-based payments	4,979	151	5,506	470
	<u>6,020</u>	<u>851</u>	<u>8,341</u>	<u>2,646</u>

Nuvei Corporation

Notes to condensed interim consolidated financial statements

(Unaudited)

September 30, 2020 and 2019

(in thousands of US dollars, except for per share amounts)

Other related party transactions

	Notes	Transaction value				Balance outstanding	
		Three months ended September 30,		Nine months ended September 30,		September 30,	December 31,
		2020	2019	2020	2019	2020	2019
		\$	\$	\$	\$	\$	\$
Expenses – Travel	(i)	479	-	1,418	109	-	-
Unsecured convertible debentures due to shareholders	(ii)	7,005	3,980	15,503	3,980	-	109,022
		<u>7,484</u>	<u>3,980</u>	<u>16,921</u>	<u>4,089</u>	<u>-</u>	<u>109,022</u>

- i) In the normal course of operations, the Company receives services from a company owned by a shareholder of the Company. The services received consist of travel services.
- ii) As part of the IPO, an amount of \$30,180 in principal amount and accrued interest on the unsecured convertible debentures was converted into Class A common shares of the Company, and the remaining balance was repaid with the cash proceeds of the IPO.

15 Determination of fair values

Certain of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes using the following methods.

Financial assets and financial liabilities

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices in active markets.
- Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data, therefore requiring entities to develop their own assumptions.

The Company has determined that the carrying amounts of its current financial assets and financial liabilities approximate their fair value given the short-term nature of these instruments.

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(Unaudited)

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The fair value of the variable interest rate non-current liabilities approximates the carrying amount as the liabilities bear interest at a rate that varies according to the market rate.

The fair value of fixed interest rate non-current unsecured convertible debentures due to shareholders approximate their carrying amounts at the reporting date.

As at September 30, 2020 and December 31, 2019, financial instruments measured at fair value in the condensed interim consolidated statements of financial position were as follows:

	Note	Fair value hierarchy	September 30, 2020 \$	December 31, 2019 \$
Advance to a third-party independent sales organization	5	Level 3	49,035	51,175
LPP put option liability		Level 3	1,197	1,453
Investments		Level 3	1,148	1,148
Investments		Level 1	999	954
LPP contingent consideration		Level 3	-	6,000
Matrix contingent consideration		Level 3	-	2,470

Nuvei Corporation

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The following table presents the changes in level 3 items for the nine-months ended September 30, 2020 and the year ended December 31, 2019:

	Advance to third party \$	LPP put option liability \$	Investments \$	LPP contingent consideration \$	Matrix contingent consideration \$
Balance as at January 1, 2019	35,435	-	-	-	4,800
Acquisition	20,995	1,187	29,748	6,000	-
Dispositions	-	-	(28,600)	-	-
Merchant residuals received net of interest on advances to third parties	(6,483)	-	-	-	-
Fair value true-up	1,228	266	-	-	(2,330)
Balance as at December 31, 2019	51,175	1,453	1,148	6,000	2,470
Acquisition	3,240	-	-	-	-
Payment	-	-	-	(6,000)	-
Merchant residuals received net of interest on advances to third parties	(5,380)	-	-	-	-
Fair value true-up	-	(256)	-	-	(2,470)
Balance as at September 30, 2020	49,035	1,197	1,148	-	-

Below are the assumptions and valuation methods used in the level 3 fair value measurements:

- the fair value of the advances to a third-party independent sales organization was determined by calculating the present value of the future estimated cash flows over the term of the agreements using a discount rate range of 10% to 16%;
- the fair value assumptions for the LPP put option liability are determined using the Black-Scholes method; the main assumption is the fair value of the units in LPP, which has been determined to be \$10,211 as at September 30, 2020; and
- the fair values of the LPP and Matrix contingent considerations are determined using the calculation in the agreements. The main assumption is the forecast of expected future cash flows. The LPP contingent consideration was fully paid as at March 31, 2020.

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Varying the discount rate for advances to third party independent sales organization to reflect a 2% increase or decrease and varying the EBITDA for Matrix contingent consideration to reflect a 5% increase or decrease would have the following effects on the carrying balance.

	September 30, 2020	
	Increase	Decrease
	\$	\$
Effect in change in assumption on:		
Advances to third party independent sales organization	1,522	(2,976)

	December 31, 2019	
	Increase	Decrease
	\$	\$
Effect in change in assumption on:		
Advances to third party independent sales organization	1,355	(1,311)
Matrix contingent consideration	850	(850)

16 Share-based payment arrangements

In connection with the IPO referenced in note 1 to these condensed interim consolidated financial statements, on September 22, 2020, the Board of Directors of the Company closed participation in its long-term incentive stock plan (the "Legacy Option Plan") to directors, officers, employees, consultants and any members of the Company. In its place, a new long-term incentive (the "Omnibus Incentive Plan") was authorized.

Legacy Option Plan

(i) *Final grant:*

On March 16, 2020, 1,000,000 stock options (357,143 post conversion) were granted. The weighted average grant date fair value of stock options granted was \$1.55 (\$4.34 post conversion) Fair value was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Share price	\$6.15 (\$17.22 post conversion)
Exercise price	\$6.15 (\$17.22 post conversion)
Risk-free interest rate	0.49%
Expected volatility	27.6%
Dividend yield	-
Expected term	5 years

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(ii) *IPO Conversion:*

As part of the Reorganization described in note 9 to these condensed interim consolidated financial statements, the Legacy Option Plan conditions were modified as follows:

- all stock options granted prior to November 20, 2019 vested and became exercisable, at the option of the holder, on a net basis for Subordinate Voting Shares;
- all stock options granted on or after November 20, 2019 continue to vest in accordance with their existing vesting schedules, and are exercisable for Subordinate Voting Shares;
- no further awards will be made under the Legacy Option Plan;
- the clawback provision (as described in the annual statements) was removed as it is no longer possible that such stock options will be fully clawed back;
- the number of shares and the exercise price underlying each outstanding stock option of the Company were adjusted, on a 2.8-to-1 basis. As such, upon completion of the Reorganization, there was 3,621,323 stock options to acquire Subordinate Voting Shares outstanding.

The Company entered into certain option agreements governed by the Legacy Option Plan. However, other than the characteristics described above, the options under these agreements include a clause by which the Company can claw back any of the instruments, in order to meet the maximum number of stock options authorized for issuance, in the event that the Company grants options to other employees. Because of the clawback provision, grant date for these options is not achieved until the provision is voided.

Prior to the IPO, the Company did not recognize any compensation expense for stock options with a clawback provision as it was expected that these options would be fully clawed back. At the IPO and after adjusting for the Reorganization, there were 205,666 stock options outstanding with a clawback provision which vested and became exercisable. In the three and nine months ended September 30, 2020, the Company recognized compensation expense of \$4,130 as a result of these options becoming vested and the clawback provision being voided. Fair value was estimated using the Black-Scholes option pricing model with the following assumptions:

Share price	\$26.00
Exercise price (weighted average)	\$3.75
Risk-free interest rate	0.26%
Expected volatility	31.0%
Dividend yield	-
Expected term	5 years

Nuvei Corporation

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(iii) *Stock compensation expense:*

The Company recognized compensation expense for the Legacy Option Plan of \$5,298 and \$6,033 for the three and nine months ended September 30, 2020 for the outstanding options noted above.

Omnibus Incentive Plan

In connection with the IPO, the Company granted to certain executive officers and employees up to 3,000,000 options to acquire Subordinate Voting Shares having an exercise price equal to the IPO offering price of \$26.00. These options will vest in successive annual periods over a period of five years after they are granted and will have a term of ten years. The Omnibus Incentive Plan will also permit the Board to make awards of options, Restricted Share Units, Performance Share Units and Directors' Share Units (DSU) to eligible participants.

The Company recognized compensation expense for Omnibus Incentive Plan stock options of \$1,095 for the three months and nine months ended September 30, 2020, representing the issuance of 3,000,000 options.

The weighted average grant date fair value of stock options granted was \$7.17. Fair value was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Share price	\$26.00
Exercise price	\$26.00
Risk-free interest rate	0.26%
Expected volatility	31.0%
Dividend yield	-
Expected term	5 years

The table below summarizes the changes in the outstanding stock options as adjusted for the Reorganization:

	Nine months ended September 30, 2020		Year ended December 31, 2019	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of period	3,659,375	4.00	4,180,039	3.18
Clawed back by the Company	(357,143)	3.75	(796,935)	3.21
Forfeited	(6,378)	4.70	(587,535)	4.55
Granted	3,357,143	25.07	1,384,296	9.08
Exercised	(31,888)	4.70	(520,490)	11.51
	6,621,109	14.69	3,659,375	4.00
Outstanding, end of period				
Options exercisable, end of period	3,100,763	3.63	842,363	3.13

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The following table summarizes information about stock options outstanding and exercisable as at September 30, 2020 as adjusted for the Reorganization:

Exercise price	Options outstanding		Options exercisable	
	Number of options	Weighted average remaining contractual term (in years)	Number of options	Weighted average remaining term (in years)
2.80	1,535,416	7.39	1,535,416	7.39
3.42–4.00	1,036,323	7.97	1,036,323	7.97
4.70–6.30	420,404	8.32	420,404	8.32
11.51–17.22	628,966	9.28	108,620	8.83
26.00	3,000,000	9.98	-	-
	6,621,109	8.89	3,100,763	7.76

Of the options outstanding as at September 30, 2020, a total of 2,868,590 (September 30, 2019 – 2,944,899) are held by key management personnel.

The table below summarizes the changes in the outstanding DSUs:

	Nine months ended September 30, 2020	
	Number of DSUs	Weighted average exercise price \$
Outstanding, beginning of period	-	-
Granted	3,076	26.00
Outstanding, end of period	3,076	26.00

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17 Supplementary cash flow disclosure

	Nine months ended September 30,	
	2020	2019
	\$	\$
Changes in:		
Trade and other receivables	516	(2,559)
Inventory	169	110
Prepaid expenses	(684)	28
Contract assets	(1,580)	(2,245)
Trade and other payables	10,507	12,896
Other current and non-current liabilities	(8,291)	3,338
	<u>637</u>	<u>11,568</u>

There were \$4,405 unpaid issuance fees included in trade and other payables as at September 30, 2020.

18 Contingencies

From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business. Management does not expect that the resolution of those matters, either individually or in the aggregate, will have a material effect upon the Company's condensed interim consolidated financial statements.

19 Subsequent event

On November 2, 2020, the Company completed its previously announced purchase agreement with the sole member of Smart2Pay, a payment services provider headquartered in The Netherlands. Nuvei acquired all of the sole member's ownership interest for a total consideration consisting of approximately €70,900 (approximately US\$82,900) in cash and 6,711,923 Subordinate Voting Shares issued from the Company's treasury. Considering the recent closing of the acquisition, and the information currently available to the Company, the Company has not yet completed the identification and the valuation, as of the acquisition date, of each major class of assets acquired and liabilities assumed required to account for this transaction and the associated disclosure.

In connection with this acquisition, the Company modified its amended and restated credit facility to add a term loan of \$10,000 and to increase its revolving credit facility from \$50,000 to \$100,000. Additionally, the interest rate associated with the first lien term loan facility was reduced to LIBOR plus 4.00% or Canadian prime rate plus 3.00%, as applicable.