

Nuvei Announces First Quarter 2021 Results

Nuvei reports in U.S. dollars and in accordance with International Financial Reporting Standards (“IFRS”)

MONTREAL, May 10, 2021 – [Nuvei Corporation](#) (“Nuvei” or the “Company”) (TSX: NVEI and NVEI.U), the global payment technology partner of thriving brands, today reported its financial results for the first quarter ended March 31, 2021.

“We’re very pleased with our results for the first quarter with both continuing momentum in the core business and the acceleration of new client wins contributing to 132% total volume* growth, 80% revenue growth and 97% Adjusted EBITDA** growth over the first quarter of 2020,” said Philip Fayer, Nuvei’s Chair and CEO. “Our focus on building leading-edge solutions to facilitate and help our clients best connect with their clients continued during the first quarter as we expanded our reach with new markets, added multiple alternative payment methods (“APMs”) and introduced new capabilities like supporting payment in cryptocurrencies. These initiatives coupled with significant volume growth from current and new clients position us extremely well to drive our overall performance and growth this year and into the future. We are proud of our results and raising our financial outlook for the full year 2021.”

Financial Highlights for the Three Months Ended March 31, 2021

- Total volume* increased 132%, to \$20.6 billion from \$8.9 billion
 - eCommerce represented approximately 87% of total volume
- Revenue increased 80%, to \$149.9 million from \$83.2 million
- Net income was \$27.8 million compared to a net loss of \$62.3 million
- Adjusted EBITDA** increased 97%, to \$65.5 million from \$33.3 million
- Adjusted net income** was \$51.2 million compared to \$9.8 million
- Net income per share of \$0.19 compared to a net loss per share of \$0.74
- Adjusted net income** per diluted share of \$0.35 compared to \$0.11

Operational Highlights

- Volume growth from current merchant customers and the acceleration of new client wins drove Nuvei’s first quarter performance. New eCommerce business more than tripled in the first quarter of 2021 compared to the first quarter of 2020 largely as a result of the Company’s ongoing investment in and expansion of its direct distribution channel.
- Nuvei expanded its card acquiring coverage launching local processing solutions in Argentina, Chile, Peru and Ecuador, while expanding its acquiring capabilities in Brazil, Colombia and Mexico. The Company now provides local acquiring in 44 markets up from 35 at year end 2020.
- The Company added multiple new APMs including Pix in Brazil, MoMo wallet in Vietnam, PagueloFacil in Panama, Mach in Chile, Kakao Pay in South Korea, TrueMoney in Thailand and Alipay HK in Hong Kong, increasing the Company’s portfolio of APMs to 470 at the end of the first quarter of 2021 from 455 at year end 2020.
- The Company recently added pay-in and payout support for nearly 40 of the world’s leading cryptocurrencies, including Bitcoin, Ethereum, Bitcoin Cash, Litecoin, NEO and XRP. With this capability, merchants can now accept cryptocurrencies as easily as any other form of alternative payment method at a time when both the number of cryptocurrency users continues to expand and mainstream adoption steadily increases.
- The Company entered into several new partnerships including one with Universal Air Travel Plan (“UATP”) to begin offering full payment services as part of UATP’s ongoing effort to expand its offerings to airlines, optimize payment processing, enrich the client experience and lower transaction costs. UATP is a global payment network owned and operated by the world’s leading airlines and accepted by thousands of merchants for air, rail and travel agency payments.
- Nuvei continued to execute on its acquisition strategy by announcing definitive agreements to acquire

Mazooma Technical Services Inc. (“Mazooma”) and more recently, SimplexCC Ltd. (“Simplex”).

- The acquisition of Mazooma, a leading account-to-account payments provider to the U.S. online gaming and sports betting market, will further solidify the Company’s commitment to and presence in the U.S. online gaming and sports betting industry by enhancing and expanding Nuvei’s portfolio of alternative payment methods with a leading ACH platform developed and used exclusively for online gaming in the U.S. and providing the necessary product functionality, vendor registration, compliance, and operational infrastructure to address merchant’s requirements in any regulated U.S. state.
- The acquisition of Simplex, a payment solution provider to the cryptocurrency industry, will expand Nuvei’s capabilities to offer bespoke anti-money laundering / know your customer solutions, transaction guarantee solutions, and valued added services to 190 liquidity providers and partners. This results in higher conversion rates when end-users buy/sell digital assets like cryptocurrencies and non fungible tokens. In addition, the acquisition will provide Nuvei with an electronic money institution license to offer international bank account number accounts to end users and merchants, which opens up potential opportunities like banking as a service.

Financial Outlook

For the three months ending June 30, 2021 and year ending December 31, 2021, Nuvei anticipates total volume, revenue and Adjusted EBITDA to be in the ranges below. Considering the strong performance during the three months ended March 31, 2021, where Nuvei exceeded the previously anticipated total volume, revenue and Adjusted EBITDA outlook, as well as continuing momentum in the business, management is raising the financial outlook for the year ending December 31, 2021.

The financial outlook is fully qualified and based on a number of assumptions described under the heading “Forward-Looking Information” of this press release, and does not include the pending acquisitions of Mazooma or Simplex.

(In U.S. dollars)	Three months ending	Year ending	
	June 30, 2021	December 31, 2021	
	\$	\$	
		Previous	Updated
Total volume* (in billions)	21 – 22	81 – 87	83 – 89
Revenue (in millions)	153 – 159	570 – 600	610 – 640
Adjusted EBITDA** (in millions)	66 – 70	252 - 265	264 – 277

*Total volume does not represent revenue earned by the Company, but rather the total dollar value of transactions processed by merchants under contractual agreement with the Company. Total volume is explained in further detail in the Company’s most recent Management’s Discussion and Analysis of Financial Condition and Results of Operations.

**Adjusted EBITDA and Adjusted net income are non-IFRS measures. See “Non-IFRS Measures”.

Conference Call Information

Nuvei will host a conference call to discuss its first quarter 2021 financial results today May 10, 2021 at 8:30 am ET. Hosting the call will be Philip Fayer, Chair and CEO, and David Schwartz, CFO.

The conference call will be webcast live from the Company’s investor relations website at <https://investors.nuvei.com/> under the “Events & Presentations” section. The conference call can also be accessed live over the phone by dialing 877-425-9470 (US/Canada toll-Free), or 201-389-0878 (international). A replay will be available approximately two hours after the call, and can be



accessed by dialing 844-512-2921 (US/Canada toll-Free), or 412-317-6671 (international); the conference ID is 13718591. The replay will be available until May 24, 2021. An archive of the webcast will be available at the same location on the website shortly after the call has concluded.

About Nuvei

We are Nuvei (TSX: NVEI and NVEI.U), the global payment technology partner of thriving brands. We provide the intelligence and technology businesses need to succeed locally and globally, through one integration – propelling them further, faster. Uniting payment technology and consulting, we help businesses remove payment barriers, optimize operating costs and increase acceptance rates. Our proprietary platform connects merchants in 200 markets worldwide with local acquiring in 44 markets, supports 470 local and alternative payment methods, nearly 150 currencies and 40 cryptocurrencies. Our purpose is to make our world a local marketplace. For more information, visit www.nuvei.com.

Non-IFRS Measures

Nuvei's unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The information presented in this press release includes non-IFRS financial measures, namely Adjusted EBITDA, Adjusted net income, Adjusted net income per basic share, and Adjusted net income per diluted share. These measures are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Adjusted EBITDA, Adjusted net income, Adjusted net income per basic share, and Adjusted net income per diluted share are used to provide investors with a supplemental measure of the Company's operating performance and thus highlight trends in Nuvei's core business that may not otherwise be apparent when relying solely on IFRS measures. The Company's management also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Nuvei's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. The Company's management believes Adjusted EBITDA, Adjusted net income, Adjusted net income per basic share and Adjusted net income per diluted share are important supplemental measures of Nuvei's performance, primarily because they and similar measures are used widely among others in the payment technology industry as a means of evaluating a company's underlying operating performance.

Forward-Looking Information

This press release contains "forward-looking information" within the meaning of applicable securities laws, including Nuvei's outlook on total volume, revenue and Adjusted EBITDA for the three months ending June 30, 2021 and the year ending December 31, 2021. Nuvei's outlook on revenue and Adjusted EBITDA also constitutes "financial outlook" within the meaning of applicable securities laws and is provided for the purposes of assisting the reader in understanding the Company's financial performance and measuring progress toward management's objectives and the reader is cautioned that it may not be appropriate for other purposes. Forward-looking information involves known and unknown risks and uncertainties, many of which are beyond the Company's control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include but are not limited to those described under the "Risks Factors" section of the Company's annual information form filed on March 17, 2021. Forward-looking information is based on management's beliefs and assumptions and on information currently available to management. Particularly, management's assessments of, and outlook for, total volume, revenue and Adjusted EBITDA set out herein are generally based on the following assumptions: (a) Nuvei's results of operations will continue as expected, (b) the Company will continue to effectively execute against its key strategic growth priorities, despite the current COVID-19 pandemic and measures taken to contain the virus, (c) the Company will continue to retain and grow its existing customer base while adding new



customers, (d) the Company will not complete any acquisitions or divestitures (e) economic conditions will remain relatively stable throughout the period, (f) the industries Nuvei operates in will continue to grow consistent with past experience, (g) there will be no fluctuations in currency exchange rates and volatility in financial markets, (h) there will be no changes in legislative or regulatory matters that negatively impact Nuvei's business, and (i) current tax laws will remain in effect and will not be materially changed. Although the forward-looking information contained in this press release is based upon what management believes are reasonable assumptions, you are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained in this press release is provided as of the date of this press release, and the Company does not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Contact:

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Consolidated Statements of Profit or Loss and Comprehensive Income or Loss Data
(in thousands of U.S. dollars except for share and per share amounts)

	Three months ended March	
	31	
	2021	2020
	\$	\$
Revenue	149,895	83,239
Cost of revenue	28,979	15,168
Gross profit	120,916	68,071
Selling, general and administrative expenses	86,056	54,866
Operating profit	34,860	13,205
Finance income	(859)	(1,346)
Finance costs	3,315	31,259
Net finance costs	2,456	29,913
Loss (gain) on foreign currency exchange	(445)	45,719
Income (loss) before income tax	32,849	(62,427)
Income tax expense (recovery)	5,059	(84)
Net income (loss)	27,790	(62,343)
Other comprehensive income (loss)		
Foreign operations – foreign currency translation differences	(14,849)	39,667
Total comprehensive income (loss)	12,941	(22,676)
Net income (loss) attributable to:		
Common shareholders of the Company	26,814	(62,593)
Non-controlling interest	976	250
	27,790	(62,343)
Comprehensive income (loss) attributable to		
Common shareholders of the Company	11,965	(22,926)
Non-controlling interest	976	250
	12,941	(22,676)
Net income (loss) per share attributable to common shareholders of the Company - Basic and diluted	0.19	(0.74)
Weighted average number of common shares outstanding^(a)		
Basic	138,201,970	84,604,769
Diluted	142,741,312	84,604,769

a. The weighted average number of common shares outstanding previous to the IPO has been adjusted to take into consideration the Reorganization discussed in Note 17 of the Consolidated Financial Statements for the year ended December 31, 2020.

Reconciliation of Adjusted EBITDA to net income (loss)
(In thousands of U.S. dollars)

	Three months ended March 31	
	2021	2020
	\$	\$
Net income (loss)	27,790	(62,343)
Finance cost	3,315	31,259
Finance income	(859)	(1,346)
Depreciation and amortization	20,998	17,313
Income tax expense (recovery)	5,059	(84)
Acquisition, integration and severance costs ^(a)	5,340	1,670
Share-based payments ^(b)	4,105	333
Loss (gain) on foreign currency exchange	(445)	45,719
Legal settlement costs and other ^(c)	159	766
Adjusted EBITDA^(d)	65,462	33,287
Advance from third party - merchant residual received ^(e)	2,728	2,948

a. These expenses relate to:

i. professional, legal, consulting, accounting and other fees and expenses related to our acquisition activities and financing activities during the period, which were \$5.3 million for the three months ended March 31, 2021 (March 31, 2020 – \$1.2 million). These costs are presented in the professional fees line item of selling, general and administrative expenses.

ii. acquisition-related compensation, which was nil for the three months ended March 31, 2021 (March 31, 2020 – \$0.2 million). These costs are presented in the employee compensation line item of selling, general and administrative expenses.

iii. severances, which were immaterial for the three months ended March 31, 2021 (March 31, 2020 – \$0.2 million), and integration expenses. Severance costs are presented in the employee compensation line item of selling, general and administrative expenses.

b. These expenses represent non-cash expenses recognized in connection with stock options and other awards issued under share-based plans.

c. This line item primarily represents legal settlements and associated legal costs reached outside of the normal course of business, as well as non-cash gains, losses and provisions and certain other costs. These costs are presented in the other line item of the selling, general and administrative expenses.

d. Adjusted EBITDA is a non-IFRS measure that the Company uses to assess its operating performance and cash flows.

e. Commencing in 2018, the Company entered into various agreements with a single third-party independent sales organization to acquire the rights to future cash flows from a portfolio of merchant contract.

Reconciliation of Adjusted net income to net income (loss)
(In thousands of U.S. dollars except for per share amounts)

	Three months ended March 31	
	2021	2020
	\$	\$
Net income (loss)	27,790	(62,343)
Change in redemption value of liability-classified common and preferred shares ^(a)	-	11,636
Amortization of acquisition-related intangible assets ^(b)	18,212	14,178
Acquisition, integration and severance costs ^(c)	5,340	1,670
Share-based payments ^(d)	4,105	333
Loss (gain) on foreign currency exchange	(445)	45,719
Legal settlement costs and other ^(e)	159	766
Adjustments	27,371	74,302
Income tax expense related to adjustments ^(f)	(4,000)	(2,179)
Adjusted net income (loss)^(g)	51,161	9,780
Adjusted net income per share attributable to common shareholders of the Company^(h)		
Basic	0.36	0.11
Diluted	0.35	0.11

a. This line item represents change in redemption value related to shares classified as liabilities prior to the IPO. As part of the IPO, the shares were converted into equity as Subordinate Voting Shares. These expenses are included in finance costs.

b. This line item relates to amortization expense taken on intangible assets created from the purchase price adjustment process on acquired companies and businesses and from the acquisition of all the outstanding shares of Pivotal Holdings Ltd. by Nuvei in September 2017 and excludes amortization expense related to capitalized development costs incurred in the normal course of operations.

c. These expenses relate to:

i. professional, legal, consulting, accounting and other fees and expenses related to our acquisition activities and financing activities during the period, which were \$5.3 million for the three months ended March 31, 2021 (March 31, 2020 – \$1.2 million). These costs are presented in the professional fees line item of selling, general and administrative expenses.

ii. acquisition-related compensation, which was nil for the three months ended March 31, 2021 (March 31, 2020 – \$0.2 million). These costs are presented in the employee compensation line item of selling, general and administrative expenses.

iii. severances, which were immaterial for the three months ended March 31, 2021 (March 31, 2020 – \$0.2 million), and integration expenses. Severance costs are presented in the employee compensation line item of selling, general and administrative expenses.

d. These expenses represent non-cash expenses recognized in connection with stock options and other awards issued under share-based plans.

e. This line item primarily represents legal settlements and associated legal costs reached outside of the normal course of business, as well as non-cash gains, losses and provisions and certain other costs. These costs are presented in the other line item of the selling, general and administrative expenses.

f. This line item reflects income tax expense on taxable adjustments using the tax rate of the applicable jurisdiction.

g. Adjusted net income is a non-IFRS measure that the Company uses to further assess its operating performance.

h. Adjusted net income per diluted share is calculated using stock options outstanding at the end of each period on a fully diluted basis if they were in-the-money at that time.

Consolidated Statements of Financial Position Data
(in thousands of U.S. dollars)

	March 31,	December 31,
	2021	2020
	\$	\$
Assets		
Current assets		
Cash	144,464	180,722
Trade and other receivables	42,546	32,055
Inventory	110	80
Prepaid expenses	5,214	4,727
Income taxes receivables	6,401	6,690
Current portion of advances to third parties	8,302	8,520
Current portion of contract assets	1,858	1,587
Total current assets before segregated funds	208,895	234,381
Segregated funds	540,018	443,394
Total current assets	748,913	677,775
Non-current assets		
Advances to third parties	36,690	38,478
Property and equipment	15,721	16,537
Intangible assets	561,115	524,232
Goodwill	995,935	969,820
Deferred tax assets	5,457	3,785
Contract assets	923	1,300
Processor deposits	14,804	13,898
Other non-current assets	1,902	1,944
Total Assets	2,381,460	2,247,769

Consolidated Statements of Financial Position Data
(in thousands of U.S. dollars)

	March 31, 2021	December 31, 2020
	\$	\$
Liabilities		
Current liabilities		
Trade and other payables	69,964	64,779
Income taxes payable	13,564	7,558
Current portion of loans and borrowings	2,274	2,527
Other current liabilities	8,098	7,132
Total current liabilities before due to merchants	93,900	81,996
Due to merchants	540,018	443,394
Total current liabilities	633,918	525,390
Non-current liabilities		
Loans and borrowings	212,602	212,726
Deferred tax liabilities	47,296	50,105
Other non-current liabilities	11,731	1,659
Total Liabilities	905,547	789,880
Equity		
Equity attributable to shareholders		
Share capital	1,628,244	1,625,785
Contributed surplus	14,790	11,966
Deficit	(184,228)	(211,042)
Accumulated other comprehensive income	7,621	22,470
	1,466,427	1,449,179
Non-controlling interest	9,486	8,710
Total Equity	1,475,913	1,457,889
Total Liabilities and Equity	2,381,460	2,247,769

Consolidated Statements of Cash Flows Data
(in thousands of U.S. dollars)

	Three months ended March 31	
	2021	2020
	\$	\$
Cash flows from (used in) operating activities		
Net income (loss)	27,790	(62,343)
Adjustments for:		
Depreciation of property and equipment	1,350	1,841
Amortization of intangible assets	19,648	15,472
Amortization of contract assets	487	525
Share-based payments	4,105	333
Net finance costs	2,456	29,913
Loss (gain) on foreign currency exchange	(445)	45,719
Income tax expense (recovery)	5,059	(84)
Changes in non-cash working capital items	(3,198)	(15,631)
Interest paid	(2,836)	(16,299)
Income taxes paid	(1,013)	(12)
	<u>53,403</u>	<u>(566)</u>
Cash flows used in investing activities		
Business acquisitions, net of cash acquired	(88,930)	-
Decrease in other non-current assets	522	181
Net decrease (increase) in advances to third parties	2,865	(1,734)
Acquisition of property and equipment	(593)	(978)
Acquisition of intangible assets	(4,145)	(3,034)
	<u>(90,281)</u>	<u>(5,565)</u>
Cash flows from financing activities		
Transaction costs related to loans and borrowings	-	(20)
Proceeds from exercise of stock options	1,178	-
Proceeds from loans and borrowings	-	56,999
Repayment of loans and borrowings	-	(34,185)
Payment of lease liabilities	(642)	(631)
Dividend paid by subsidiary to non controlling interest	(200)	(200)
	<u>336</u>	<u>21,963</u>
Effect of movements in exchange rates on cash	284	(401)
Net increase (decrease) in cash	(36,258)	15,431
Cash – Beginning of period	180,722	60,072
Cash – End of period	<u>144,464</u>	<u>75,503</u>