

May 6, 2021

Target:  simplex Buyer:  nuvei

## Nuvei (TSX: NUVCF) has announced the acquisition of crypto “payments” processor, Simplex

Author: Ryan McCulloch  
More Information: Eric F Risley, efr@architectpartners.com

### Transaction Overview

On May 6<sup>th</sup>, 2021 Nuvei (TSX: NUVCF) [announced](#) the acquisition of Simplex for an enterprise value of \$250 million in cash.

### Target: Simplex

Simplex offers crypto-native businesses the capability to accept fiat currency to fund crypto asset purchases (a fiat – crypto onramp) via an Application Programming Interface (API). Today Simplex has 190 customers including crypto exchanges, crypto lenders, crypto ATM operators, and crypto wallet providers and supports over 150 fiat currencies. They announced they processed \$500 million in transaction volume in 2020 and forecast \$2 billion in 2021. Simplex became a Principal Member of the Visa Network in late 2020 which allows the issuance of Visa-branded cards. This capability offers the ability to enable crypto payments (crypto – fiat offramp) for goods and services with the 60 million Visa merchant network.

Simplex competes with other crypto payment processors such as BitPay, Coinbase Commerce, Orounda, and MoonPay.

Simplex was founded in Israel in 2014 by Nimrod Lehavi (CEO), Erez Shapira (CTO), and Netanel Kabala (CAO) and has 152 employees. The company has raised \$17.5 million in venture funding, with their most recent fund raising of \$9.3 million being led by Korea Investment Partners. Other investors include Bitmain, Agile Wings (Sven Breunig), Founders Club, and DRW Venture Capital.

### Buyer: Nuvei

Nuvei is a publicly traded payment solutions provider. They accept 470 different payments methods across 150 currencies and 40 cryptocurrencies, allowing payments to easily flow across the globe.

Over the past three years, the company has been highly acquisitive, spending over \$1.2 billion on five acquisitions. Their previous acquisitions have all been payment processing companies, so the acquisition of Simplex marks the start of their crypto payment solution.

Nuvei, was founded in Quebec by CEO Philip Fayer in 2003. The company has nearly 1,000 employees, an enterprise value of \$9.5 billion, and LTM revenues of \$442 million resulting in a robust 21.5x LTM revenue multiple.

### Transaction Parameters

Nuvei is acquiring Simplex for \$250 million in cash.

While Simplex’s revenue is undisclosed, we can estimate revenue at \$25 million based on the company’s 2020 transaction volume of \$500 million and average fee of 5%. This results in a premium value EV / 2020 revenue multiple of 10x.

Comparable crypto payment M&A transactions include Binance | Swipe.io, TechX Technologies | XPort Digital (\$4.1mm), NPInvestor.com | Blockbonds (\$175mm), OBITX | Render Payment, Gemini | Blockrize, and PAYMYNT | LettucePay.

### Strategic Rationale

Nuvei is following the PayPal and Square playbook. Nuvei allows on-line, mobile, and physical location merchants to accept a broad array of payment methods. Crypto assets are “simply” another form of payment for goods and services. Importantly, what is different about crypto assets is they run on entirely separate systems (often referred to as rails). Simplex offers the ability to connect these separate systems, commonly referred to as an “on ramp or off ramp” between fiat and crypto and vice versa. Nuvei has essentially acquired the building blocks to enable both on ramp and off ramp, now the question is how quickly does it scale AND when does it transition from a use case of funding a crypto investment account with fiat to becoming bona fide crypto payments for goods and services.

### Architect Partners’ Observations

Practically, the use of crypto assets to pay for goods and services is not yet “a thing”. Yes, it’s happening on the margin but scaled payments with crypto assets have yet to emerge, for good reasons. Timing is uncertain, however, large businesses like PayPal, and now Nuvei, are preparing for that day. We will be watching very closely as this segment of the crypto market opportunity emerges.

### Sources

[AP Crypto M&A Tracker](#)  
[AP Crypto Public Comparables Analysis](#)  
[Nuvei Website](#)  
[Nuvei Q1 2021 Report](#)  
[Simplex Website](#)  
[Yahoo Finance](#)  
[Crunchbase](#)  
[Pitchbook](#)