29 September 2022

This announcement contains inside information.

Wise Plc

Growth momentum continues; financial guidance upgraded

Wise's mission on transparency and lowering the cost of international money movement is resonating strongly, with more customers using Wise each quarter. And as interest rates rise, we will share back much of the benefit with customers.

Strong start to FY23 has continued:

- **Volumes have grown c.47% and revenues at c.54% for H1 FY23 vs prior year.**
- **Revenue growth for the year will be further supported by increasing levels of interest income on customer balances, which we will now present in 'total income' alongside Revenue.**
- **We plan to share much of the benefit from this interest with our customers, through lower prices, but we'll also invest in our growth.**
- **We now expect total income growth of between 55% and 60% for FY23 vs prior year; we maintain our guidance for medium-term adjusted EBITDA margin to be at or above 20% of total income.**

In the second quarter of this year, we have continued to see strong growth in active customers as an increasing number of customers use Wise each quarter. We estimate total cross-border volumes for Q2 FY23 to be approximately 46% higher than in Q2 FY22. As a result, revenue (excluding interest income) for the second quarter is expected to be between £208 million and £210 million, taking revenue for the first half of the year to between £394 million and £396 million, approximately 54% higher than the first six months of FY22. The currency markets continue to be volatile as we know, which has meant we have seen a gross margin of 60-62% year to date.

Alongside continued growth in balances in the Wise Account and Wise Business products, we have also seen interest rates increase across the major currencies our customers hold with us.

As interest rates have increased globally, we have started generating interest income on our customers' balances, whilst ensuring that they remain safeguarded and available to our customers. The net interest income associated with this activity is now expected to be approximately £17 million for the first six months of FY23, and if rates were to persist at these levels or increase further, the interest income has potential to grow over the remainder of the financial year.

We believe our success to date is thanks to our sharing economic benefits with customers as well as our investors. So as we've said previously, we will look for ways to pass much of this benefit through to our customers through pricing and the development of our product and infrastructure. This means that the growth in interest income will be at least partially offset by reductions in prices for our customers as well as contributing to funding growth in operating expenses as we invest in our business for the long term.

As this interest income becomes more meaningful, starting with our H1 FY23 interim financial report, we will be presenting the components of “total income” which will comprise: revenue (as previously defined); and net interest income from customer balances. Our adjusted EBITDA margin will now therefore be calculated as adjusted EBITDA as a percentage of total income. Previously, interest income from customer balances and operating assets was included in EBITDA but presented between gross profit and operating profit. This will be a change in presentation in line with IAS 1. The interest income from operating assets will remain unchanged in terms of presentation.

Whilst there is much uncertainty in today’s markets, and our major economies face challenging months ahead, the stronger than expected performance on cross-border revenues combined with the interest income from customer balances means that we now expect total income to be between 55% and 60% higher in FY23 compared with FY22 (£557 million, unaudited re-presented). We previously guided to FY23 revenue growth of 30-35% vs FY22. We continue to expect to grow revenue above 20% (CAGR) over the medium term.

Our strategy to share and invest this interest income, combined with the change in accounting presentation of total income means that our expectation and guidance for medium-term adjusted EBITDA margin remains at or above 20% (adjusted EBITDA as percentage of total income).

Briefing call
Our CFO, Matthew Briers, will be hosting a brief call from 3.30-4.00pm (UK time) to discuss the key points from the announcement and to provide an opportunity for questions. Please use the following link to access the call:
https://transferwise.zoom.us/j/97215842443?pwd=RWhPY3R1N2dSTUJjTTZ4blh1dkRpQT09

We will provide more of our mission, growth and financial highlights with our Q2 trading update, which will be published on Tuesday 18 October 2022. Our half year results are scheduled to be published on Tuesday 29 November 2022.

Enquiries

Martyn Adlam - Head of Owner Relations
martyn.adlam@wise.com

Sana Rahman - Global Head of Communications
press@wise.com

Brunswick Group
Charles Pretzlik / Sarah West / Nick Beswick
Wise@brunswickgroup.com
+44 (0) 20 7404 5959

About Wise
Wise is a global technology company, building the best way to move money around the world. With the Wise account people and businesses can hold over 50 currencies, move money between countries and spend money abroad. Large companies and banks use Wise technology too; an entirely new cross-border payments network that will one day power money without borders for everyone, everywhere. However you use the platform, Wise is on a mission to make your life easier and save you money.

Co-founded by Kristo Käärmann and Taavet Hinrikus, Wise launched in 2011 under its original name TransferWise. It is one of the world's fastest growing tech companies and is listed on the London Stock Exchange under the ticker WISE.

Over 13 million people and businesses use Wise. Today we process over £8 billion in cross-border transactions every month, saving customers over £1 billion a year.