



Wise plc
Q4 FY23 Trading Update
18 April 2023

Wise Account drives 33% customer growth YoY for Q4 and 73% growth in Total Income for FY23

“At Wise we are focused on our mission of building money without borders and bringing faster, fairer options to more people and businesses around the world. To deliver on this mission we're building a resilient, profitable business that our customers can trust to be here for them through good times and through the challenges of a more uncertain macroeconomic environment.

“Customers continue to choose the Wise Account to manage their finances around the world, with customers in the UK, EU and the US now able to receive a refund on a portion of their fees or earn a return while retaining instant access to their money. Too many banks offer near-zero rates of interest on deposits and we don't think this is fair. Our new features set a global standard in how people and businesses can hold their money. Customers trust us to hold £10.7 billion of their money, a 57% increase YoY.

“In March, we also launched a new look inspired by the millions of customers we serve around the world. With accessible layouts, and fonts that work across 146 languages, the new look matches the ambition of our customers going international and supports our continued global expansion.

“Our financial results this quarter show great progress on our mission. Over 6 million people and businesses used Wise for moving and managing their money internationally during the quarter; a 33% increase YoY. And these customers moved nearly £27bn (+25% YoY). This growth drove a 45% YoY increase in revenue, and when combined with net interest income from the Wise Account, resulted in total income growth of 83% YoY for the quarter and 73% YoY for FY23.”

— Kristo Käärmann, CEO & co-founder, Wise

Mission highlights Q4 FY23

Our mission is clear - to build 'money without borders' and make moving and managing money faster, easier, cheaper and more transparent for people and businesses around the world.

During the quarter, we helped 6.1 million active customers move £26.7 billion in cross-border volume; an increase of 33% and 25% YoY, respectively. Most of these new customers are joining to use the Wise Account, proof of the increasing appeal for both people and businesses around the world.

As a result, revenue for the quarter grew 45% YoY and total income of £279.5 million grew 83% YoY. This brought total income for FY23 to £964.3 million, which at 73% growth YoY is above our most recent guidance of 68-72%.

Improving our product is key to how we grow and attract more customers. This quarter we launched new features that allow customers to take advantage of the higher interest rate environment while retaining full access to funds in their Wise Account. There are two main ways we've done this:

- First, we have expanded the Wise Assets product to provide more customers with access to interest earning assets. This includes launches across Singapore, France, Spain, Austria, the



Netherlands, Finland and Luxembourg, in addition to the UK, which launched in December 2022. These funds allow our customers to earn returns in line with central bank rates.

- Second, in Europe and the US¹, we're now giving customers a return on cash held in their Wise Accounts by sharing some of the income we generate on these customer balances.

These new features enhance the proposition of the Wise Account for people and businesses, by providing a return as central bank rates rise, whilst continuing to make sure our customers' money is safe and highly liquid.

Sustainably lowering prices for customers over the long run remains core to our mission. We charge our customers what it costs us to offer our service, plus a small margin, rather than what we can get away with. So our price, which reflects our cost to deliver payments, changes when our costs go up or down. At 0.65%, the average price remained broadly stable when compared to the previous quarter's price.

It is our underlying infrastructure that powers our products and our customers' ability to manage their money and move it around the world at rapid speed. FY23 has been a milestone year for speed; with 55% of our cross-border payments completed instantly and over 90% completed within 24 hours in Q4. Now customers can expect instant payments from Hong Kong, instant top ups in Brazil and 80% of all payments to Poland to be delivered within the day.

	Q4 FY2023	Q4 FY2022	YoY Movement	Q3 FY2023	QoQ Movement
Customer price ¹	0.65%	0.61%	+4 bps	0.66%	-1 bps
Instant transfers	55%	49%	+6 pps	52%	+3 pps

1. Customer price is based on a fixed basket of representative currencies which reduces the effect from route mix and other factors, making it a more accurate representation of our progress in reducing the cost of international transfers over time.

Wise Platform also went live with numerous new partners. This marks continued momentum with tech partnerships and our early progress in onboarding large banks to bring Wise-powered payments to their customers. This quarter we integrated with Bank Mandiri, Indonesia's largest bank by assets and one of the top established retail banks in the country. We have also seen momentum in integrating US-based business service platforms including: Brex, Ramp, and Bluevine; automated global electronic broker, Interactive Brokers; and global employment platform, Globalisation Partners.

These product improvements, innovations and partnerships mark continued progress toward our long-term mission to help more people and businesses access fast, cheap, convenient and transparent payments.

By operating a profitable and sustainable business, we have the capacity and confidence to continue investing in future growth, through the cycle, and continue building the products and features our customers love.

As always, more detail on our mission highlights for the quarter can be found on our website, including our [mission roadmap](#), which sets out future product improvements we have planned.

¹ In Europe this applies to our customers in the EEA holding GBP, EUR and USD, and is applied automatically. In the US, customers opt-in and earn returns on their USD balances.

Growth and financial highlights

	Q4 FY2023	Q4 FY2022	YoY Movement	Q3 FY2023	QoQ Movement
Volume (£ billion) ¹	26.7	21.4	25%	26.4	1%
Revenue (£ million)	223.5	153.8	45%	225.2	(1%)
Net interest income on customer balances (£ million)	56.0	(0.8)	nm ⁵	43.5	29%
Total income (£ million)²	279.5	153.0	83%	268.7	4%
Take rate (%) ³	0.84%	0.72%	+12 bps	0.85%	-1 bps
Total income take rate (%) ⁴	1.04%	0.71%	+33 bps	1.02%	+2 bps

1. Cross-border volume only
2. Includes revenue and net interest income on customer balances
3. Revenue as a % of Volume
4. Total income as a % of Volume
5. Not measurable

The appeal of Wise for customers around the world continues to drive strong active customer growth of 33% YoY and 6% QoQ, with 6.1 million active customers in Q4 FY23, comprising 5.8 million personal (+34% YoY, +6% QoQ) and 340K business customers (+27% YoY, +7% QoQ). This growth primarily reflects customers joining Wise to use the Wise Account.

Continued growth in active customers drove cross border volumes higher in Q4 FY23 to £26.7 billion, representing 25% growth YoY and 1% QoQ². Personal customers moved £19.5 billion, 23% growth YoY, while Business customers moved £7.3 billion, 30% growth YoY.

The average Volume Per Customer “VPC” reduced by 7% YoY and 4% QoQ. This was driven by Personal VPC which reduced by 8% YoY and 3% QoQ as we continue to see a slower pace of growth in higher-volume customer cohorts (>£10k). We believe payments amongst these cohorts, such as for property purchases and investments, to be more discretionary in nature and influenced by macroeconomic conditions to a greater extent. For example, as seen at times of FX volatility and USD strength like earlier in FY23 when we saw a pull-forward of volume in these cohorts. This slower pace of growth in the higher-volume customer cohorts (>£10k) combines with continued strong growth among the more populous, lower-volume customer cohorts (<£10k), resulting in the reduction of the average. Business VPC grew by 3% YoY as we continue to see business customers scaling their use of Wise as they mature, and decreased 8% QoQ reflecting seasonality.

Revenue for Q4 FY23 was £223.5 million up 45% YoY and down 1% QoQ. Our take rate of 0.84% was up +12 bps YoY and down -1 bps QoQ. Revenue growth continues to be supported by higher Other Revenues generated from the greater adoption of the Wise Account, notably higher debit card spend which drives interchange revenue.

²On a constant currency basis, Q4 FY23 total volumes grew 25% YoY and 1% QoQ and 35% YoY for FY23. On a constant currency basis, volume is converted to GBP using the average rates of the prior financial period.



The Wise Account and its value to customers has seen the cash customers hold with Wise grow to £10.7 billion (+57% growth YoY), excluding the growing balances that are held through our Assets features, reflecting the trust customers continue to place in us.

Balance growth, combined with higher yields on invested assets, led to an increase in gross interest income, to £71.6 million for the quarter. Interest expense increased to £15.6 million, reflecting the progress in our plans to share this benefit with more customers. As a result, net interest income was 29% higher QoQ, at £56.0 million (equivalent to a c.2% net yield). Consistent with our approach of sharing economics with customers, which supports loyalty and trust, we are still working to share more of this interest income with customers. This will likely result in a lower net yield, and thus a smaller proportion flowing to EBITDA, over time.

Total income, inclusive of net interest income, for Q4 FY23 was £279.5 million, 4% growth QoQ and 83% growth YoY. This resulted in total income for FY23 of £964.3, 73% growth YoY, and above our most recent guidance of 68-72%.

We will update the market on our FY24 guidance at our full year results in June 2023. Our previously provided medium term forward-looking guidance remains unchanged:

- Total income growth greater than 20% (CAGR)
- Adjusted EBITDA margin at or above 20%

Please see the appendix for further historical financial information.



Analyst & Investor call

A call hosted by Matthew Briers (CFO) will be available for analysts and investors at 9:00am (UK) this morning, 18 April 2023. Webinar details can be found [here: https://vimeo.com/event/3316362](https://vimeo.com/event/3316362)

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 / Daniel Holgersson
Wise@brunswickgroup.com
+44 (0) 20 7404 5959

About Wise

Wise is a global technology company, building the best way to move and manage money around the world. With Wise Account and Wise Business, 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 16 million people and businesses use Wise. Today we process on average £9 billion in cross-border transactions every month, saving customers around £1.5 billion a year.

FORWARD LOOKING DISCLOSURE DISCLAIMER

This report may include forward-looking statements, which are based on current expectations and projections about future events. These statements may include, without limitation, any statements preceded by, followed by or including words such as "forward looking", "guidance", "target", "believe", "expect", "intend", "may", "anticipate", "estimate", "forecast," , "project", "will", "can have", "likely", "should", "would", "could" and any other words and terms of similar meaning or the negative thereof. These forward-looking statements are subject to risks, uncertainties and assumptions about Wise and its subsidiaries. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur.

Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future, and the statements in this report speak only as at the date of this report. No representation or warranty is made or will be made that any forward-looking statement will come to pass and there can be no assurance that actual results will not differ materially from those expressed in the forward-looking statements.



Wise expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statements contained in this report and disclaims any obligation to update its view of any risks or uncertainties described herein or to publicly announce the results of any revisions to the forward-looking statements made in this report, whether as a result of new information, future developments or otherwise, except as required by law.



Appendix - Historical Financials

Quarterly	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023	QoQ Movement	Q YoY Movement	FY2023	FY2022	FY YoY Movement
Customers (million)	3.5	3.7	3.9	4.3	4.6	5.0	5.5	5.8	6.1	6%	33%	10.0	7.4	34%
Personal (million)	3.3	3.4	3.7	4.1	4.3	4.7	5.2	5.5	5.8	6%	34%	9.4	7.0	35%
Business (million)	0.20	0.22	0.23	0.25	0.27	0.29	0.30	0.32	0.34	7%	27%	0.52	0.41	27%
Volume per customer (£ thousand)	4.4	4.5	4.6	4.7	4.7	4.9	4.9	4.6	4.4	(4%)	(7%)	10.5	10.3	2%
Personal (£ thousand)	3.6	3.6	3.7	3.7	3.7	3.8	3.9	3.5	3.4	(3%)	(8%)	8.1	8.1	0%
Business (£ thousand)	18.1	18.6	19.4	21.6	20.8	22.2	22.9	23.2	21.4	(8%)	3%	53.7	47.7	13%
Volume (£ billion)¹	15.6	16.4	18.0	20.6	21.4	24.4	27.0	26.4	26.7	1%	25%	104.5	76.4	37%
Personal (£ billion)	12.0	12.4	13.5	15.1	15.9	18.0	20.1	19.0	19.5	2%	23%	76.6	56.9	35%
Business (£ billion)	3.6	4.0	4.5	5.5	5.6	6.3	6.9	7.4	7.3	(1%)	30%	27.9	19.5	43%

1. Cross-border volume only

Note: Differences between 'total' rows and the sum of the constituent components of personal and business are due to rounding.

Appendix - Historical Financials (continued)

Quarterly	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023	QoQ Movement	Q YoY Movement	FY2023	FY2022	FY YoY Movement
Revenue (£ million)¹	116.9	123.5	132.8	149.8	153.8	185.9	211.5	225.2	223.5	(1%)	45%	846.1	559.9	51%
Personal (£ million)	93.7	96.9	103.4	114.7	118.4	144.4	164.8	173.7	173.4	(0%)	46%	656.3	433.4	51%
Business (£ million)	23.2	26.6	29.4	35.1	35.4	41.5	46.7	51.5	50.1	(3%)	42%	189.8	126.5	50%
Net interest income on customer balances (£ million)⁶	(0.6)	(0.6)	(0.6)	(0.8)	(0.8)	1.2	17.5	43.5	56.0	29%	nm⁵	118.2	(2.8)	nm⁵
Personal (£ million)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	0.6	9.1	23.2	29.8	29%	nm ⁵	62.7	(1.4)	nm ⁵
Business (£ million)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	0.6	8.4	20.3	26.2	29%	nm ⁵	55.5	(1.4)	nm ⁵
Total income (£ million)²	116.3	122.9	132.2	149.0	153.0	187.1	229.0	268.7	279.5	4%	83%	964.3	557.1	73%
Personal (£ million)	93.4	96.6	103.1	114.3	118.0	145.0	173.9	196.9	203.2	3%	72%	719.0	432.0	66%
Business (£ million)	22.9	26.3	29.1	34.7	35.0	42.1	55.1	71.8	76.3	6%	118%	245.3	125.1	96%
Take rate (%)³	0.75%	0.75%	0.74%	0.73%	0.72%	0.76%	0.78%	0.85%	0.84%	-1 bps	+12 bps	0.81%	0.73%	+8 bps
Total income take rate (%)⁴	0.75%	0.75%	0.74%	0.72%	0.71%	0.77%	0.85%	1.02%	1.04%	+2 bps	+33 bps	0.92%	0.73%	+19 bps

1. Revenue for the periods Q4FY22, Q2FY23 and Q3FY23 have been restated due to a reclassification of revenue type
2. Includes revenue and net interest income on customer balances
3. Revenue as a % of volume
4. Total income as a % of volume
5. "nm" indicates not measurable
6. FY data is the sum of the quarters.

Note: Differences between 'total' rows and the sum of the constituent components of personal and business are due to rounding.