

Strong momentum continued in Q2, supporting our improved outlook for the year

Wise is **disrupting a massive and underserved market** and in the second quarter we helped 5.5 million active customers move £27 billion across borders, a 50% increase on the same period last year.

Our success is thanks to our **superior products that customers love**. Our team continued to improve our products. Wise is now available to more people and businesses, easier to use, and more secure.

These **products are powered by our infrastructure**, and we delivered more than half of our payments instantly for the second consecutive quarter. Whilst we continue to work hard to lower prices, the average price increased in Q2 in response to higher FX costs.

We will continue to invest heavily in products and infrastructure and take the lead in driving down the cost of cross-border transfers; and at the same time we **maintain a profitable business model that is highly cash generative**.

Kristo Käärmann, CEO and co-founder said:

“This quarter 5.5 million customers moved £27 billion with us, 50% more than in Q2 last year and for the second consecutive quarter more than half our payments were instant. The Wise Account and Wise Business products continue to see good levels of adoption and this increased engagement with our product, higher volumes and faster speeds are a result of the longer term investments that we have been making.

We’ve seen extreme macroeconomic conditions persist throughout the second quarter, and whilst unfortunately this meant we had to raise prices slightly for some customers, we’ve been working hard to limit these increases and are working to bring them back down again.”

Mission highlights for Q2 FY23

	Q2 FY2023	Q2 FY2022	YoY Movement	Q1 FY2023	QoQ Movement
Customer price ¹	0.64%	0.62%	+2 bps	0.61%	+3 bps
Instant transfers	50%	39%	+11 pps	52%	-2 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.

We have four pillars that drive our mission: price, speed, convenience and transparency.

Our mission is to lower prices for customers over time. During this quarter, high levels of FX volatility led to higher costs and as a result, the average customer price increased to 0.64% compared to 0.61% in Q1 FY23 and 0.62% in Q2 FY22.

However, we were able to lower fees for some currency routes. Through a new partnership, we reduced fees when sending money to Chile and we negotiated cheaper fees for sending money to China. In Brazil, we now use our own FX licence, which has reduced the cost to deliver, and we've passed these savings on to our customers.

For the second consecutive quarter, we completed more than half of our transfers instantly. Some of our payments in Brazil were slower, but we are rectifying this by connecting directly into our partner bank's API. After integrating with new partners, it's now faster to send money to Japan and Chile and transfers to Hong Kong got faster too. We're also continuing our work to speed up financial crime checks, which once completed is expected to help reduce delays. Overall, approximately 90% of all transfers were completed within 24 hours and speed remains an important feature for overall customer experience.

Improvements made to our product and controls meant transactions are being paused less often and as a result customers contacted us less than last quarter. We also grew our Support Team so our wait times dropped by 50% when contacted by phone and email.

Product enhancements in the last few months have made it easier for customers to onboard with us and have made Wise Account and Wise Business easier and more secure to use. Below are some examples of improvements we've made:

- Ability to use wire transfers to send to USD, previously only ACH payments were available; and increased transfer limits when funded by Wise Account balance.
- Over 200 countries and territories can now get USD SWIFT account details, so customers can receive USD from pretty much anywhere in the world.
- When sending money through Alipay in China, customers can now send directly to Alipay Wallet.
- Ability to move money with INTERAC e-Transfer Request in Canada.

- We've added ways to get customer ID verified faster and easier.
- Extra security on your account with a unique communication code.
- Improved scam prevention and scam reporting.
- Re-designed Business dashboard making it easier to find the features that matter most to customers.
- Businesses can get paid directly through Wise by sharing 'payment request' links.
- The new "International Receive" feature allows our Platform partners to use Wise as a correspondent, leveraging our SWIFT connection to receive funds from all over the globe, rather than being connected to the SWIFT network themselves.
- We expanded our partnership; adding the Swiss finance disruptor, Yapeal, and financial wellbeing platform, Wagestream.

On our website you can find more detail on our mission highlights for the quarter, and our [mission roadmap](#), which sets out future product improvements we have planned.

Growth and Financial highlights

	Q2 FY2023	Q2 FY2022	YoY Movement	Q1 FY2023	QoQ Movement
Volume (£ billion) ¹	27.0	18.0	50%	24.4	11%
Revenue (£ million)	211.5	132.8	59%	185.9	14%
Net interest income on customer balances (£ million)	17.5	(0.6)		1.2	
Total income (£ million)²	229.0	132.2	73%	187.1	22%
Take rate (%) ³	0.78%	0.74%	+4 bps	0.76%	+2 bps
Total income take rate (%) ⁴	0.85%	0.74%	+11 bps	0.77%	+8 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

As previously announced, we will now be presenting the components of "total income" comprised of: 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, net interest income from customer balances and operating assets was included in EBITDA but presented between gross profit and operating profit. A historical income statement for H1 FY22 and FY22 on this basis is provided in the appendix to this announcement.

5.5 million customers transacted on Wise in Q2 FY23, an increase of 40% YoY and 10% QoQ, comprising 5.2 million personal and 300K business customers. This increase in active customers was mostly driven by greater adoption of the Wise Account and Wise Business products, where customers tend to transact more frequently and use more features. Regionally, the growth in active customers across our established markets has been

consistent, and we're seeing strong growth in newer markets where we currently have a smaller share.

Total cross-border volumes for Q2 FY23 were £27.0 billion, 50% higher YoY and 11% higher QoQ. Personal volumes increased 49% YoY to £20.1 billion and Business volumes increased 55% YoY to £6.9 billion. Volume growth was driven by the higher number of active Wise Account and Wise Business customers, who typically have a higher average volume per customer (VPC). VPC continued to increase for both personal and business customers. The growth also reflects to a lesser extent FX translation impacts and higher FX volatility. On a constant currency basis¹ volume grew 43% YoY.

Revenue for Q2 FY23 was £211.5 million, growing 59% YoY and 14% QoQ. Revenue for the first half of FY23 was £397.4 million, 55% higher than the first six months of FY22.

Total income (revenue plus net interest income on customer balances) for Q2 FY23 was £229.0 million, a 73% increase on last year. This included £17.5 million of net interest income, and we expect this to increase in the second half of the year given the interest rate outlook. We will share much of this interest income benefit with our customers, through pricing, but we will also use some to invest in growth. Total income for H1 FY23 was £416.1 million, 63% higher than the same period last year.

Total income take rate, which includes net interest income, was 0.85% in the quarter. Excluding net interest income, our take rate increased 2bps QoQ to 0.78% from 0.76% in Q1 FY23, reflecting the impact of price rises announced in August 2022 and an increase in the other revenue line items. Other revenue benefited from greater uptake of customers using the Wise Account in the form of higher debit card spend and interchange fees.

As a result of the continued strong momentum, and as outlined on 29 September 2022, our financial guidance for the year has been upgraded. Our revised expectations are set out below:

- **Total income growth** between 55-60% in FY23 and greater than 20% (CAGR) over the medium-term
- **Adjusted EBITDA margin** over the medium term at or above 20% of total income

Please see the appendix for further historical financial information.

¹ Volume is adjusted for translational exchange rates using the average rates applied in the prior financial year.

Analyst & Investor call

A call hosted by Matthew Briers (CFO) will be available for analysts and investors at 9:00am (UK) this morning, 18 October 2022. Pre-registration details can be found here:

https://transferwise.zoom.us/webinar/register/WN_aOXOKNtuSHe2N2epTRbdOw

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About Wise

Wise is a global technology company, building the best way to move 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 13 million people and businesses use Wise. Today we process on average over £9 billion in cross-border transactions every month, saving customers over £1 billion a year.

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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 "target", "believe", "expect", "aim", "intend", "may", "anticipate", "estimate", "forecast", "plan", "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. Also, 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.

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Appendix - Historical Financials

Quarterly	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023	QoQ Movement	YoY Movement
Customers (million)	3.2	3.4	3.5	3.7	3.9	4.3	4.6	5.0	5.5	10%	40%
Personal (million)	3.0	3.2	3.3	3.4	3.7	4.1	4.3	4.7	5.2	10%	40%
Business (million)	0.16	0.18	0.20	0.22	0.23	0.25	0.27	0.29	0.30	5%	31%
Volume per customer (£ thousand)	4.2	4.4	4.4	4.5	4.6	4.7	4.7	4.9	4.9	1%	7%
Personal (£ thousand)	3.4	3.5	3.6	3.6	3.7	3.7	3.7	3.8	3.9	1%	6%
Business (£ thousand)	17.7	19.1	18.1	18.6	19.4	21.6	20.8	22.2	22.9	3%	18%
Volume (£ billion)¹	13.2	15.0	15.6	16.4	18.0	20.6	21.4	24.4	27.0	11%	50%
Personal (£ billion)	10.4	11.5	12.0	12.4	13.5	15.1	15.9	18.0	20.1	11%	49%
Business (£ billion)	2.8	3.5	3.6	4.0	4.5	5.5	5.5	6.3	6.9	9%	55%

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	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023	QoQ Movement	YoY Movement
Revenue (£ million)	105.9	111.9	116.9	123.5	132.8	149.8	153.8	185.9	211.5	14%	59%
Personal (£ million)	87.0	89.8	93.7	96.9	103.4	114.7	118.3	144.4	164.7	14%	59%
Business (£ million)	18.9	22.1	23.2	26.6	29.4	35.1	35.5	41.5	46.8	13%	59%
Net interest income on customer balances (£ million)	0.5	0.2	(0.6)	(0.6)	(0.6)	(0.8)	(0.8)	1.2	17.5		
Personal (£ million)	0.3	0.1	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	0.6	9.1		
Business (£ million)	0.2	0.1	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	0.6	8.4		
Total income (£ million)¹	106.4	112.1	116.3	122.9	132.2	149.0	153.0	187.1	229.0	22%	73%
Personal (£ million)	87.3	89.9	93.4	96.6	103.1	114.3	117.9	145.0	173.8	20%	69%
Business (£ million)	19.1	22.2	22.9	26.3	29.1	34.7	35.1	42.1	55.2	31%	90%
Take rate (%)²	0.80%	0.75%	0.75%	0.75%	0.74%	0.73%	0.72%	0.76%	0.78%	+2 bps	+4 bps
Total income take rate (%)³	0.80%	0.75%	0.75%	0.75%	0.74%	0.72%	0.71%	0.77%	0.85%	+8 bps	+11 bps

1. Includes revenue and net interest income on customer balances
2. Revenue as a % of volume
3. Total income as a % of volume

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

Appendix - Historical Income Statement re-presented

	FY22	H122
Revenue	559.9	256.3
Interest income on customer balances	3.9	1.5
Interest expense on customer balances	(6.7)	(2.7)
Total Income	557.1	255.1
Cost of sales	(185.8)	(81.2)
Net credit losses on financial assets	(2.2)	(1.3)
Gross profit	369.1	172.6
Administrative expenses	(321.4)	(152.2)
Net interest income from operating assets	-	-
Other income	5.8	0.9
Other operating expenses	(4.8)	-
Operating profit	48.7	21.3
Finance expense	(4.8)	(2.5)
Profit before tax	43.9	18.8
Income tax expense	(11.0)	(6.1)
Profit for the period	32.9	12.7