



wise

Money without borders.

Registration Document
June 2021



This document comprises a Registration Document relating to TransferWise Ltd prepared in accordance with the Prospectus Regulation Rules of the FCA made under Section 73A of the FSMA. This Registration Document has been approved by the FCA (as competent authority under the UK Prospectus Regulation), and will be made available to the public and has been filed in accordance with the Prospectus Regulation Rules. The FCA only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation, and such approval should not be considered as an endorsement of the Company.

This Registration Document may be combined with a securities note and summary to form a Prospectus in accordance with the Prospectus Regulation Rules. A Prospectus is required before an issuer can offer transferable securities to the public or request the admission of transferable securities to trading on a regulated market. However, this Registration Document, where not combined with the securities note and summary to form a Prospectus, does not constitute an offer or invitation to sell or issue, or a solicitation of an offer or invitation to purchase or subscribe for, any securities in the Company in any jurisdiction, nor shall this Registration Document alone (or any part of it), or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to any offer or otherwise.

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The Directors, whose names appear in "*Our Team—Our Directors*" on page 36 of this Registration Document, and the Company accept responsibility for the information contained in this Registration Document. To the best of their knowledge, the information contained in this Registration Document is in accordance with the facts and makes no omission likely to affect its import.

This Registration Document should be read in its entirety, including "*Risk Factors*", which contains a discussion of certain risks relating to the Group. The definitions in "*Definitions and Glossary*" apply throughout this Registration Document.

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RISK FACTORS

The risk factors described below do not cover all of our risks and should only be used as guidance. If any of these risks occur, our reputation, business, financial condition, results of operations and prospects may be materially and adversely affected.

We face a number of risks that may impact our growth.

There may be other companies who create better products and services for our customers in the future.

Our growth in revenue mainly relies on us processing an increasing volume of cross-currency transactions, which in turn relies on larger numbers of people and businesses using our products and services in the future. If other companies create better products or services than us, people and businesses may stop using our products and services, which would have a negative impact on our volumes and growth, and in turn our revenue and profitability.

There are a wide range of businesses that compete with us, such as traditional and challenger banks, legacy foreign exchange businesses and new companies with emerging technology. Some of the companies who compete with us may have certain advantages over us, including greater customer bases, volume, scale and market share than we do, as well as having less burdensome licensing, capital, liquidity and other regulatory requirements. They may also devote greater resources to the development of their products and services. These companies may also invest more in the promotion and sale of their products and services, and they may offer lower prices, including by cross-subsidising across their product offerings, which is something we aim to avoid.

Global and economic changes can reduce the demand for our products and services.

We are affected by global and local macroeconomic events and conditions, including political and social conditions, economic growth rates, and government spending and regulation, including protectionist policies and legislation. Changes in global and local macroeconomic events and conditions may have an impact on demand for our products and services and the products and services of our business customers and partners.

As a significant portion of international transfer transactions are initiated by expatriates, holiday makers and persons with family living abroad, weak global economic conditions that limit economic opportunities for expatriate workers and result in reduced or disrupted migration patterns could have the same negative impact on payment volumes. In addition, government restrictions on international travel and changes in immigration laws that make it more difficult for individuals to migrate or work abroad could also reduce payment volumes.

We have also been affected by the COVID-19 pandemic, which continues to have a significant impact on the global economy and markets in which we operate. The onset of the COVID-19 pandemic caused significant market and exchange rate volatility, with US dollar to euro exchange rates reaching both a 12 month high and low in a single week,

leading to an increase in foreign exchange losses. This volatility was in particular seen in reduced average volume per customer. The restrictive measures relating to the COVID-19 pandemic may remain in place for a significant period of time, creating continued volatility in the volume of global money movement and currency exchange rates.

The full extent to which the COVID-19 pandemic will continue to impact us is uncertain and difficult to predict. This includes the duration of the pandemic, its severity, actions to contain the virus or treat its impact, its effects on customer behaviour and demand, its effects on migrants and immigration patterns and regulations, the availability, uptake and effectiveness of vaccinations and how quickly and to what extent normal economic and operating conditions can resume.

Most customers join us because they hear about our great products and services, but we may not be able to maintain this same level of reputation and service.

We have built products and services that customers recommend, powered by intuitive design and supported by a strong customer experience.

Our products and services are tailored to address the needs of our customers, with functions such as accurate estimates of when money transfers will arrive, automated identity verification and online and in-app troubleshooting assistance. These functions reduce unnecessary customer contacts, lowering our internal costs and saving our customers' time and money. If we are not able to continue providing attractive products and services to our customers because, for example, if we cannot appropriately control the frequency of customer service contacts, or maintain sufficient verification capacity to process applications or to improve customer service resolution times, this may reduce the quality of our products and services. It may also increase our costs and decrease transaction volumes, which would impact our ability to reduce prices for our customers and could have a negative impact on our growth and profitability.

In addition, any negative publicity about Wise, our products and services and our people, regardless of its veracity, could harm our brand and reputation. We have experienced instances of negative publicity in the past, including when MS Bank, a financial institution in Brazil, made certain statements in the media and to former customers about our relationship. MS Bank may continue to generate negative publicity about Wise, and we may experience other instances of negative publicity in the future. Any future negative publicity about Wise, in relation to the quality, user experience and reliability of our products and services, and our compliance with local laws or contractual arrangements, could harm our reputation, our ability to enter into business arrangements and our customers' confidence in us.

In February 2021, we completed our rebrand from TransferWise to Wise to reflect the development of our business far beyond international transfers for people. Although the rebrand did not change our product and service offering or the way our customers use our products and services, there is a chance that acceptance of a new brand name will be a lengthy process and may not be recognised by some of our existing customers in the short term.

If we are not able to maintain our strong brand, reputation or customer experience, we may lose existing customers or fail to gain new customers, which would negatively impact our volumes and growth.

We may fail to operate in new or existing markets and/or expand our product and service offering in our existing markets.

When we enter into new markets, we may require local approvals and/or licences or an agreement with a local financial institution to operate. We may be unable to obtain or maintain the necessary approvals and licences to operate in markets and/or expand our product and service offering. In addition, where we do not seek necessary approvals or licences, we may be unable to find suitable local financial institutions so that we can operate in such markets. This could restrict our ability to grow our business and have a negative impact on revenue and profitability in the future.

We have many agreements with local financial institutions that allow us to operate in new markets where we have not acquired a licence. We may have disagreements with such local financial institutions (as has happened in the past), and they may be unable, or unwilling, to fulfil their obligations under the relevant agreements with us. The agreements and operational structures put in place with local financial institutions may also be challenged by local regulators, or other governmental bodies, resulting in a reinterpretation or termination of the structure with potentially material financial and regulatory (including tax) implications.

We may have disputes with counterparties, including with local financial institutions, which may prove costly and time consuming to resolve.

We enter into agreements with a variety of counterparties in order to operate our business, including with local financial institutions. Disputes with such local financial institutions may result in them holding on to our or our customers' cash or taking other action that may be detrimental to us. An example of this occurred this year, when we filed a lawsuit pending service of process in the High Court of Justice, Business and Property Courts of England and Wales, Commercial Court for the return of £6.0 million (comprising approximately U.S.\$7.5 million and R\$4 million) that were held in a liquidity pool for Wise transactions and are improperly being retained by MS Bank, a Brazilian financial institution with which we had an agreement. Wise is also claiming damages, interest and costs in relation to this matter, the amount of which cannot be accurately estimated at this time. The matter is ongoing, and we cannot predict its outcome at this time. We have recorded a £6.7 million specific provision relating to the liquidity pool (£6.0 million) and accounts receivable from MS Bank (£0.7 million) in our financial statements for FY2021. MS Bank has filed claims against Wise regarding the return of customer data, which have not been fully particularised, and may file other claims arising out of the terminated relationship with Wise, including claims related to contractual indemnities, regardless of the merits of any such claims. We have not recorded any additional provision with respect to these matters in our financial statements for FY2021.

Furthermore, we understand that at the instigation of MS Bank, the Federal Police Department in Parana State, where MS Bank is headquartered, will be opening an investigation related to this terminated relationship. According to the prosecutor's report,

MS Bank has made criminal allegations of tax evasion and violations of exchange controls. Although under Brazilian law, the opening of an investigation does not imply any finding of criminality and we do not believe that any crime has occurred, we intend to cooperate with the authorities to resolve the matter.

If we have disagreements or disputes with third parties, including with local financial institutions, it may limit our ability to offer our products and services in certain jurisdictions, and can lead to disputes and investigations of the type described above, which could prove costly and time consuming to resolve.

We are dependent upon some of our third-party service providers in order to provide our products and services.

We use third-party service providers for certain aspects of our business, such as operational and treasury functions, prepaid cards, debit cards, foreign exchange quotations, data analytics, cloud storage (e.g. AWS), sanctions compliance, human resources management and other support services. Any failure of the systems of these providers, a change to key product features or contractual supply terms, a failure to maintain necessary licensing, a failure to remain up to date with market developments, insolvency of a provider or a termination of any of the agreements we have in place with these providers could adversely impact our ability to provide our products and services, and therefore our reputation and ultimately our financial results.

If we are unable to adhere to the conditions, service levels or targets agreed with our third-party service providers, our relationships with these third-party service providers could be negatively impacted, potentially requiring us to reduce our service offering to our customers. This includes our agreements with Mastercard and Visa which require us to reach certain volume thresholds.

Any of our third-party service providers may seek to introduce or modify terms and conditions that result in increased costs, or terms and conditions with which we are unable to meet or that are commercially unacceptable to us. They may also choose to terminate all or part of their relationship with us. If this happens, we may not be able to find a replacement service provider on commercially acceptable terms or at all, or be able to develop our own replacement technology, which would make it difficult for us to grow.

Legal and regulatory regimes may continue to enable banks and other competitors to conceal fees for international payments within the exchange rate in a way that is non-transparent to customers, and unfairly distorts price comparisons.

So long as people and businesses are not able to compare the charges on cross-currency transfers offered by their bank with alternative options, like Wise, we cannot expect them to be able to choose a cheaper option. Only a relatively small proportion of people understand the fees they are being charged for transferring money, due in part to the prevailing practice of financial institutions hiding charges in exchange rates.

Even if laws are changed in this regard, regulators may be slow to enforce legal disclosure requirements on banks and incumbents. For example, the EU's Cross Border Payments Regulations II is directly applicable in EU member states without requiring changes to

national law. It mandated transparency in intra-EU payments for card-based transactions and credit transfers from 19 April 2020 (while similar requirements for card issuers apply from 19 April 2021), but only a few national regulators have enforced this regulation to date. Banks and incumbents may also be slow in adopting these laws.

If banks and other competitors continue to charge their customers fees in a non-transparent way, including as a result of regulators not enforcing legislation or otherwise, this may in turn harm our competitive position and profitability.

Legal and regulatory regimes may impose barriers to non-banks directly accessing payments infrastructure, including central bank clearing systems, which can have an impact on our ability to compete with banks.

We aim to access national payments infrastructure in the jurisdictions in which we operate to provide faster and cheaper money transfers. In many jurisdictions, such as the UK, EU and Singapore, policymakers have recognised that access to national payment infrastructure should not be restricted to deposit-taking and lending banks. Policy makers in many other jurisdictions, including the US, Japan and India, continue to restrict access to payment systems to a small group of deposit-taking and lending institutions, which may allow these institutions to process transactions more quickly and at lower costs than we are able to. As we aim not to cross-subsidise between routes or customers, such restrictions may impact our ability to compete against these institutions or lower prices on these routes in line with our mission, which may in turn harm our reputation.

We face a range of operational risks which can impact our profitability and our reputation with customers.

We face the risk of cyber-attacks which can compromise our IT systems and even expose our customers' data.

Our IT systems, and those of our partners, local financial institutions that we work with and service providers (for example, AWS), may be vulnerable to cyber-attacks from a number of sources that tend to use various sophisticated and fraudulent techniques. Cyber-attacks could expose our customers' sensitive data (for example, their names, addresses and bank account information), result in unauthorised transactions and cause us to delay or temporarily shut down our products and services. Our security measures may also be breached due to human and system errors.

Financial service providers like Wise are generally at a heightened risk of such attacks. The systems and processes that we developed to protect our data and customer data and to prevent data loss and other security breaches may not provide adequate protection.

If our products and services are interrupted for a prolonged period of time or frequently, our customers may view our systems as unreliable, leading them to switch to another company, which would impact our profitability and growth. If any cyber-attack or system failure results in damages to our customers or partners, they could also seek significant compensation for their losses, which, even if unsuccessful, would likely be time-consuming and costly, divert our team's attention and could have a negative impact on our reputation.

We may be exposed to financial losses in our product due to errors in our codebase or other manual processing errors.

Our infrastructure powers the movement of our customers' funds. This infrastructure is in turn powered by software and manual operational processes, both of which we develop and maintain internally. We constantly evolve this software with the objective of improving our products and services to customers. However, errors in our code base and manual errors in the operation of our processes can lead to processing and payment errors which, if not detected, can lead to significant financial losses. As a technology business, we value speed of execution and have controls in place both to prevent and detect these errors; however, such controls may be insufficient, or could fail, resulting in losses occurring undetected.

We may reduce our fees faster than our costs, making us a less profitable business.

Our mission is to reduce our fees to zero. We are committed to optimising our products and services, operations and infrastructure, and sustainably reducing our prices in line with our mission. As our revenue is composed substantially of fees we charge for our services, decreasing fees faster than costs may have a negative impact on our financial results. Our ability to charge sustainable fees in the future may be adversely affected if we fail to continue to expand our infrastructure, whether due to regulatory constraints or otherwise, or where we may charge differential rates across different geographies. Any significant or unsustainable reduction in fees for reasons beyond our control relative to our costs, the introduction of mandated fee caps or the elimination of certain types or methods of charging fees could impact our profitability.

Increases in transaction and processing fees can challenge our profitability and put upwards pressure on our prices.

Our payment processors and partners charge fees which may be increased from time to time and with little prior notice. Our card processors may also increase the fees charged for each transaction using credit and debit cards, which may be passed on to us or our customers.

Governments could also mandate a payment processing tax or require additional taxes or fees to be imposed upon our customers, or otherwise impact the manner in which we provide our services. Any such taxes or increased fees could increase our operating costs, require us to provide additional collateral, reduce our profit margin and put upwards pressure on our prices.

We rely on multiple technology platforms and services and their interoperability, which can fail.

We are dependent on the ability of our products and services to be compatible and to integrate with a variety of operating systems, software and hardware as well as web browsers that we do not control, including the systems of our partners. Any changes in these systems that degrade the functionality of our products and services, impose additional costs or requirements on us, or give preferential treatment to competitive services, including competing services from our partners, could materially and adversely

affect usage of our products and services. In addition, system integrators may show insufficient appetite to enable our products and services to integrate with a variety of operating systems, software and hardware. If our customers' or partners' software is incompatible with our open API, it may be difficult for them to access and use our products and services. Any of these factors could cause us to lose customers, leading to a reduction in volumes and a negative impact on our growth.

We may see failures in our internal financial reporting and other controls which can lead to losses and misstatement of results.

Our business relies on internal controls and procedures that regulate financial reporting and accounting, customer and management information, credit exposure, foreign exchange risk, regulatory compliance and other aspects of our business. This includes controls to provide reliable reports, conform to regulatory requirements and prevent fraud. Such internal controls will need to continue to develop as our business expands, and the measures we take may not be sufficient or may incur significant additional expense.

Any failure of these internal controls could expose us to regulatory action, significant fines, litigation, compensatory payments, direct financial loss or loss of our licences as well as increased costs needed to improve the internal control environment. Ineffective internal control over financial reporting can also result in errors or other problems in our financial statements. Any such failures could also reduce trust in our brand and harm our ability to attract and retain customers and partners.

We may lose existing staff and also our ability to attract and retain the right staff.

Our past performance is a function of the continued services and contributions of our founder-led team of employees.

From time to time, there likely will be changes in our team resulting from the hiring or departure of executives or skilled personnel, which could disrupt our business and require significant amounts of time, training and resources to find suitable replacements and integrate them within Wise.

Recruiting and retaining the right executives or skilled personnel may become more difficult or more costly in some specific offices or more generally across the global market as people with the skills we require are in short supply, and we expect that this shortage, and intense competition for talent, will continue.

We may fail to sufficiently prevent fraud or scams.

Various third parties and internal parties may attempt to engage in a variety of fraudulent activities using our products and services. For example, an employee could knowingly process unauthorised changes to bank account details in our possession or provide or change such details after falling victim to fraud, either of which could result in a pay-out of funds to inappropriate persons.

Third parties have in the past, and may in the future, take fraudulent measures or conduct scams, such as impersonating financial service providers, including Wise, in order to

secure the transfer of funds from customers, a practice known as APP fraud. We are not a party to the CRM, a voluntary industry code providing a framework for financial firms to use to determine when reimbursement should be provided to victims of APP fraud. We instead have our own industry-leading security measures in place to detect, prevent and stop these types of fraudulent activities, but there can be no assurance that these measures will be effective against new and continually evolving forms of fraud or scams or that customers will continue to view us as secure. Any instances of fraud can lead to fines and impact our reputation and could make us be viewed as being less secure than other traditional banks, including those that have signed the CRM.

We may acquire other businesses, but these acquisitions may fail to meet expectations and/or create risk for our wider operations.

Looking forward, we may consider acquisition opportunities as part of our strategy. Any acquisitions that we undertake could subject us to integration and other risks and difficulties, including:

- difficulties in confirming the acquired company's accounting, books and internal controls;
- difficulties in integrating the acquired company's information technology systems and platforms and retaining vital employees;
- difficulties in fulfilling regulatory requirements or being able to operate under or renew an acquired licence;
- failure to capture expected financial benefits (e.g. due to lack of synergy in overheads, unexpected transaction or ongoing costs or underestimated liabilities); and
- diversion of management's time and attention from existing business and business opportunities.

If any of these risks were to occur, we may not be able to achieve the anticipated benefits from the acquisitions. In addition, our financial performance could be impaired as we incur costs and use vital resources in an effort to rectify the issues defined above.

We face a range of financial risks which can impact our profitability and capital position.

We are exposed to foreign exchange movements, and excessive volatility can impact our profitability.

We are exposed to the exchange rate for international transfers as on most transfers, we guarantee our customers the mid-market exchange rate, which is the midpoint between the price the market is willing to pay for a currency and the price at which the market is willing to sell a currency. When a customer initiates a Wise Transfer, in most cases, this rate is guaranteed for a limited period of time to allow the customer to fund their transfer.

If foreign exchange rates change between the time a transaction is booked (at which time the exchange rate is set) and when the recipient is paid out, we may suffer a loss on that transaction. Also, by allowing our customers to use our services when markets are closed

(e.g. weekends), we are exposed to exchange rate fluctuations during periods when international transfers cannot be exchanged immediately.

This risk of exchange rate movement is most acute during periods of large short-term fluctuations in foreign exchange rates. For example, in March 2020, the onset of the COVID-19 pandemic caused significant market and exchange rate volatility, with US dollar to euro exchange rates reaching both a 12 month high and low in a single week, resulting in increased foreign exchange losses.

We also face risks associated with schemes seeking to exploit exchange rate volatility, for example by using sophisticated algorithms and internet robots. There is no guarantee that our internal control mechanisms will be able to effectively identify and thwart any such attacks in the future, requiring us to expend significant resources in an attempt to recover losses, inhibit our ability to lower our prices or harm our profitability.

The measures we have in place intended to monitor and manage our risk of foreign exchange movement, including both natural and actively managed hedges, may not be effective.

We have debt and will likely take on new debt arrangements which can bring operating, financial and other restrictions on the business.

Our existing revolving credit facility (MRFA) contains operating and financial restrictions that may limit our ability to raise additional debt funding, declare dividends, incur liens, make loans and certain types of investments, consolidate or merge with other entities, purchase or sell assets, make advances, investments and loans or transact with shareholders and affiliates. This could impact our ability to operate our business and, in particular, could force us to forego growth or investment opportunities that we would otherwise like to pursue.

We may incur significantly more indebtedness in the future by drawing under the MRFA or taking on additional external debt. Our ability to comply with the facility's restrictions and covenants (or the terms of any future external debt) may be affected by events beyond our control, and the terms of any future indebtedness we may incur could include more restrictive terms.

We are subject to credit risks in respect of counterparties, including other financial institutions.

We are, and will continue to be, subject to the risk of actual or perceived deterioration of the commercial and financial soundness, or perceived soundness, of our counterparties, including other financial institutions, in particular in relation to cash and cash equivalents held at financial institutions, the sourcing of currency and the provision of local banking payment services. An institution appropriating funds, defaulting, failing a stress test or requiring bail-in by its shareholders, creditors and/or respective governments could lead to significant liquidity problems and losses, or defaults by other institutions. Even the perceived lack of creditworthiness of, or questions about, a counterparty or major financial institution may lead to market-wide liquidity problems and losses, or defaults by financial institutions to which we have exposure, which could, in turn, have an impact on our business and financial position. This risk resulting from the interdependence on

financial institutions is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as industry payment systems and banks, with whom we interact on a daily basis. Systemic risk could have a material adverse effect on our ability to raise new funding.

We are subject to an evolving range of regulatory, legal and tax requirements, and our failure, or the failure of the local financial institutions that we work with, to comply can impede our ability to operate, result in significant cost and impact our reputation.

We, or the local financial institutions that we work with, may fail to comply with the regulatory licence conditions in a given market, resulting in us facing increasing costs or even losing the ability to operate.

TransferWise Ltd is incorporated in the United Kingdom and operates under an e-money licence issued by the FCA. In other countries, we operate through either a branch structure or wholly owned (100%) subsidiary company. Our product and service offerings differ in each country based on local regulatory and licensing regimes. These include the FCA in the UK, the FinCEN and state regulators in the US, the NBB in Belgium with respect to the EEA, and many other regulators around the world including in Australia, Brazil, Canada, Hong Kong, Japan, Malaysia, New Zealand, Singapore, the UAE and Brazil. As part of our licences or authorisations, we are required to comply with a significant number of conditions. We cannot guarantee that our controls, policies and procedures will fully prevent failures to comply with specific requirements. We also provide services into and from jurisdictions in which we are not licenced or authorised, in reliance on exemptions or our understanding of the applicable authorisation regime.

We are also subject to laws and regulations which prohibit us from transmitting money to specified countries or to or on behalf of prohibited individuals, including, but not limited to, the laws and regulations enforced by OFAC in the United States and OFSI in the United Kingdom and regulations enacted by the EU’s Common Foreign and Security Policy and the United Nations Security Council. While we do not offer payment services in countries targeted by international sanctions, geopolitical events may result in new or expanded embargoes or sanctions, which would significantly limit our ability to continue operations in that country. If any sanctions or similar restrictions are imposed on the third parties that we work with, this would restrict our ability to work with them in the future.

Certain countries may require us to engage with designated banks or other financial counterparties or may introduce other legislation, such as exchange controls, which decreases the volume of our business.

We depend upon financial institutions to provide banking services, including the execution of funds transfers and foreign currency transactions. Any changes to existing regulations impacting such financial institutions could in turn have an impact on us. These financial institutions could also decide to stop providing the services on which we depend, requiring us to either increase our costs or to terminate certain products or services.

The jurisdictions in which we operate may also amend regulations that could limit our ability to reduce our costs, limit the currencies which we offer to our customers or impose actions that could affect currency liquidity. We may not be able to comply with or anticipate these new or additional requirements, and may need to change our operations significantly or incur increased costs to comply with additional requirements. For example, in November 2020, the Central Bank of UAE updated its regulations on stored value facilities (the channels through which money can be stored digitally and used to pay for goods or services) and as a result, we suspended Wise Account in the UAE.

Regulators around the world increasingly take note of each others' approaches to regulating the payments industry. Consequently, new laws or regulations in one jurisdiction may be replicated in others, negatively affecting our business across multiple jurisdictions or product or service offerings.

Some of the jurisdictions where we operate, like the UK, require us to comply with certain regulatory capital and liquidity requirements. If the capital requirements to which we are subject increase or if new jurisdictions impose capital requirements on us, then we may need to access external capital to support these requirements and maintain our licences.

As a licenced payments and e-money business, we are required to comply with safeguarding requirements to protect customer funds received in connection with the provision of our services. Regulatory scrutiny of safeguarding has steadily intensified in recent years and new requirements currently under consultation may require us to undergo additional independent or regulatory audits. In addition, regulators may, from time to time, conduct inspections, thematic reviews or other assessments of our compliance with safeguarding requirements. One such example is in Belgium, where the NBB is undertaking an industry-wide series of on-site inspections of all regulated entities subject to safeguarding requirements, including Wise Europe. The review is expected to be completed by the end of July 2021, and we are unable to predict its outcome. Any failure by us to comply with safeguarding obligations could result in substantial monetary penalties and other sanctions and impact our ability to do business in certain jurisdictions.

If we are unable to conduct our business in compliance with the licences, laws, regulations and standards to which we are subject, or if we are not able to remain compliant as they change, or if changes negatively impact our businesses, we could be forced to leave certain markets, stop offering certain products or services to our customers or be subject to increased costs or fines.

We may fail to meet AML, CTF and anti-corruption regulations.

We are subject to laws aimed at preventing money laundering, corruption and the financing of terrorism. These regulations are constantly changing and monitoring compliance with AML, ABC, CTF and sanctions rules can impose a significant financial burden on us, and require significant technical ability. In recent years, enforcement of these laws and regulations against financial institutions has become more stringent, resulting in several landmark fines and reputational damage.

We cannot guarantee that our policies and procedures completely prevent situations of money laundering, terrorist-financing, bribery or corruption or non-compliance with sanctions, including actions by our employees, partners or other related persons for which we might be held responsible. Such events may have severe consequences, including litigation, sanctions, administrative measures, fines, criminal penalties and reputational consequences. A failure to adopt effective measures against fraud, money laundering, corruption and terrorism financing or non-compliance with sanctions may lead to regulatory proceedings and penalties by supervisory authorities.

Our products and services are susceptible to potentially illegal or improper uses, including money laundering, terrorist financing, and circumvention of sanctions or to facilitate other illegal activity. Certain activities that may be legal in one country may be illegal in another country, which may result in liability. Changes in law have increased the penalties for intermediaries providing payment services for certain illegal activities and additional payments-related proposals are under active consideration by government authorities.

We, or the local financial institutions that we work with, may fail to correctly apply tax laws and regulations, and changes in tax laws can harm our business.

We, and the local financial institutions that we work with, are subject to many different forms of taxation. Tax authorities around the world may not agree with our determinations (or that of the local financial institutions that we work with) with respect to the application of tax law. Any disagreements could result in lengthy and costly legal disputes, an increased overall tax rate applicable to us and, ultimately, in the payment of substantial amounts for tax, interest and penalties, and potential criminal proceedings against us and our officers. Challenges by tax authorities may result in material financial exposures for the Group (historic tax costs not included in pricing), the closure of routes where increased tax costs make them uneconomical, or the termination of agreements with local financial institutions and litigation, if agreement cannot be reached on the responsibility for any increased tax costs or filings.

Additional tax expenses could accrue in relation to previous tax assessment periods, which may be subject to a tax audit within the applicable statute of limitations, which may be extended due to lack of disclosure of transactions, negligence or fraud. As a result, the tax authorities could revise original tax filings or assessments and substantially increase the tax burden (including interest and penalty payments) on our affected entities.

Further, various governments and international organisations, such as the OECD and the EU, are increasingly focused on tax reform and other legislative or regulatory action to increase tax revenue, particularly following the COVID-19 pandemic. Any change in tax law, regulation or policy, which could have retrospective effect, could have a significant impact on the tax costs and compliance obligations of certain products or services, markets or partnership arrangements impacting our pricing, and therefore, customers' demand for our products and services. For example, we could be adversely affected by the introduction of digital service taxes and/or VAT on our products and services.

We and our partners may fail to appropriately handle the personal data of our customers.

Our operations involve the storage and/or transmission of sensitive information. In the scope of our provision of transfer and payment services, we receive personal payment data, which is further processed by us, and our business partners.

Consequently, we are subject to complex and evolving laws, rules, regulations, orders and directives relating to the collection, use, retention, security, processing and transfer of personally identifiable information about our customers, third parties and others and their transactions. Much of the personal data that we process, especially financial information, is regulated by multiple privacy laws and, in some cases, the privacy laws of multiple jurisdictions.

In particular, the processing of personal data is regulated by the GDPR which has been retained in the UK following Brexit with certain technical amendments to ensure that it can function in UK law. The GDPR imposes stringent data protection obligations that can result in high compliance burdens. The GDPR requires that we be able to demonstrate our compliance with data protection principles. In addition, the GDPR imposes fines for data protection compliance violations of up to a maximum of the higher of €20 million or 4% of our global annual net turnover.

Any failure, or perceived failure, by us or our partners to comply with applicable privacy laws could result in proceedings or actions against us by governmental entities or others, including class action privacy litigation, significant fines, penalties, judgments and reputational damage, requiring us to change our business practices and/or increase the costs and complexity of compliance. In addition, we are also subject to the possibility of security breaches, which themselves may result in a violation of these privacy laws.

We may fail to comply with reporting requirements relating to customer information.

Many of the jurisdictions in which we operate have implemented or are in the process of implementing reporting or record-keeping obligations on companies that engage in or facilitate e-commerce to improve tax compliance. In addition, as a result of the US Foreign Account Tax Compliance Act and OECD Common Reporting Standard regulations, most countries have introduced information sharing obligations that are either currently applicable to us or may become applicable in the future. Any failure by us to comply with these or any similar reporting and recordkeeping obligations could result in substantial monetary penalties and other sanctions, and impact our ability to do business in certain jurisdictions.

Litigation or investigations involving us could result in material settlements, fines or penalties.

We have been, and in the future may be, subject to judicial proceedings as well as allegations and complaints that individuals or entities have used our services for fraudulent purposes, which may result in fines, penalties, judgments, settlements and litigation expenses.

There may also be adverse publicity associated with lawsuits and investigations that could impact our reputation. Claimants or regulatory agencies in these lawsuits, actions or investigations may seek recovery of very large or indeterminate amounts, and the magnitude of these actions may remain unknown for substantial periods of time. The cost to defend or settle future lawsuits or investigations may be significant.

We may not be able to protect our IP rights, or third parties could allege that we infringe on their IP rights.

Our intellectual property rights may be contested, circumvented, or found unenforceable or invalid, and we may not be able to prevent third parties from infringing, diluting or otherwise violating them and we may be required to spend significant time and expense enforcing our rights.

Recently, we experienced provisional refusals of the Wise trademark in India, Colombia and Australia and opposition against our trademark applications in certain other jurisdictions, including in the United States. There can be no assurance that we will be successful in overcoming or defending against these or similar refusals. We may also be unsuccessful in protecting or enforcing our rights in every jurisdiction, particularly following our rebrand as our new name, Wise, may be in use by third parties, and trademarks associated with this name may be deemed to be generic or non-distinctive. If we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, the value of our brands could be diminished, and our business could be adversely affected. In some instances, we may need to engage in litigation, settle claims, pay royalty or licensing fees, or satisfy indemnification obligations to resolve disputes related to IP with third parties.

Our insurance coverage will not fully protect us from all types of losses.

We have insurance with leading insurers to cover, among others, losses related to cyber-liability, physical loss or damage, operational risks and general third-party liability. The occurrence of losses or other damages not covered by insurance could result in unexpected additional costs. In particular, if we face losses or liabilities in connection with cybersecurity issues or data security breaches, we may not be covered by insurance to the full extent of damages that we face. In addition, our insurance premiums may increase, which could have an ongoing impact on our profitability, and it may be difficult to obtain sufficient coverage in the future which could expose us to significant liabilities in the event of losses caused by incidents which are not covered.

ABOUT WISE

Overview

People, businesses and enterprises pay tens of billions of pounds in fees, mostly in exchange rate markups, every year, for a slow and inconvenient service to move over £18 trillion around the world.

This is because the banking industry was constructed on domestic systems as nearly all of the world's banks themselves are inherently domestic. The correspondent banking model, which banks use to facilitate cross-border payments, has grown from this and is unable to keep pace with customer expectations.

And so, we set out on our mission to build money without borders: instant, convenient, transparent and eventually free.

To achieve this, we realised we had to replace this infrastructure.

Over ten years we have developed a network of local bank integrations around the globe that replaces this old, outdated system. Our infrastructure is made up of direct and indirect integrations with local payment systems globally, worldwide regulatory and compliance coverage, payments technology over API and full-service customer support and operations.

Combined, this infrastructure solves the main pain points facing our customers:

- *Price:* Our prices are on average up to eight times cheaper than leading traditional UK banks.
- *Speed:* Over 38% of transfers are delivered instantly and about 83% in less than a day.
- *Convenience:* The Wise experience is fast, intuitive and simple.
- *Transparency:* We empower customers with up to the minute price comparison content, and by lobbying governments all over the world to change outdated laws.

So, whilst born in 2011 as an international transfer service for people, we have now expanded to become a global cross-border payments network which replaces traditional international banking for ten million personal and business customers.

People use Wise to send money across borders, get paid like a local in 30 different countries and spend money in 176 countries around the world.

Businesses use Wise to take their businesses global, and operate on an international scale.

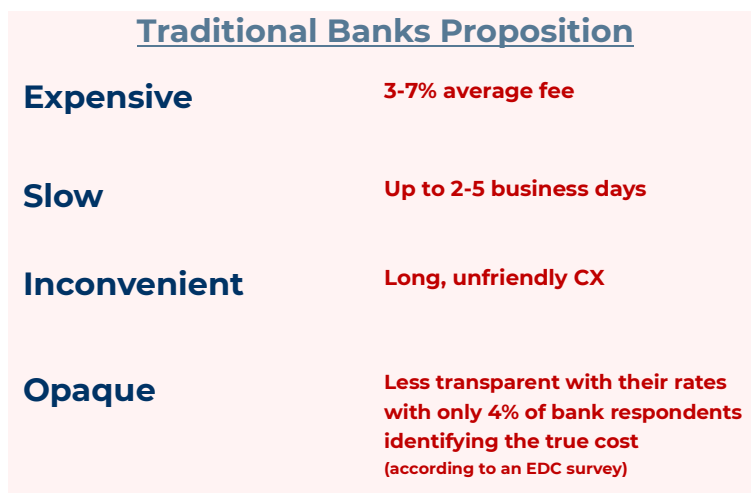
Banks and enterprises use Wise Platform to pass on the benefits of Wise's faster, cheaper international transfer service to their own customers.

Our cross-border payments network processed £54 billion of volume in FY2021, saving customers over £1 billion in fees during the year. This volume translated into £421 million in revenues and resulted in a 26% Adjusted EBITDA margin in the same period.

In this section, “About Wise”, we’ll set out: (1) the cross-border currency market and the problems we set out to solve; (2) the infrastructure we’ve built to achieve this; (3) the products and services we have built upon this infrastructure; and (4) our strategy for the future.

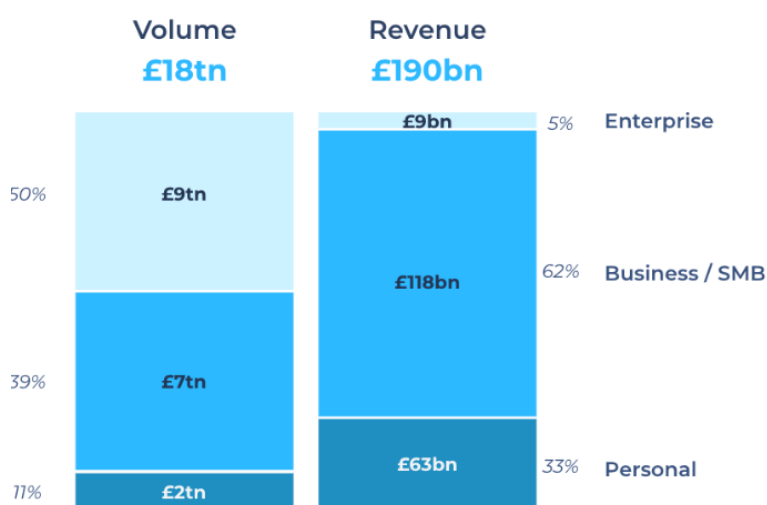
The Cross-Border Payments Market

Moving money internationally is broken. Traditional banks are reliant on an outdated network of correspondent parties and held back by complex infrastructure. This means that both people and businesses have been overpaying for slow transfers, inconvenient customer experiences and are hit with opaque and hidden fees when moving money internationally.



Not only is it broken, the problem is also massive, with £18 trillion of volume moved across borders in 2020 according to EDC, with people and businesses charged £190 billion for this service.

Global cross-border payments market (2020)



People and businesses move money internationally for a wide variety of critical use cases, with cross-border flows a key enabler of the global economy.

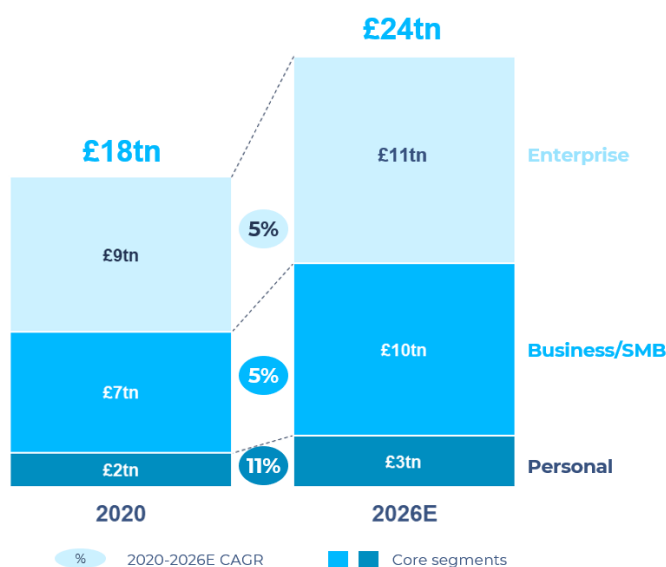
The personal segment consists of C2C (consumer-to-consumer) and C2B (consumer-to-business) payments capturing a broad set of cross-border use cases including personal remittances, eCommerce transactions, real estate investments and other bills, like tuition and healthcare payments.

The SMB and enterprise segments are composed of B2C (business-to-consumer) and B2B (business-to-business) payments capturing the cross-border payments of wages and salaries, freelancing and subcontracting payments, and accounts payables by businesses for merchandise and services imported from abroad.

Personal and micro/SMB customers make up approximately 50% of the overall market volume but they make up the majority (approximately 95%) of the fees paid, as estimated by EDC. Our focus to date has largely been on fixing the problem for these customers who are both underserved and charged the most.

The problem is also growing as people and businesses increasingly look to move money across borders, with EDC estimating £24 trillion of international flows by 2026 (5% CAGR from 2020 to 2026). Globalisation and internationalisation, increased migration and the rise of mobile and technological developments providing access to previously unbanked parts of the world are all underlying drivers for this growth.

Global cross-border payments market volume (£tn)



There are clear trends today indicating that this growing problem is waiting to be fixed. People and businesses are demanding transparency and cheaper fees alongside more convenient solutions with instant transfers ultimately becoming the norm.

But there are structural problems that are getting in the way of banks and traditional market participants. They are reliant on an outdated correspondent banking network for international transfers. Fees need to be high enough to cover the costs associated with

this intermediary-heavy network which is also unreliable, hard to monitor and has manual or semi-automated processes. Further, the lack of transparency on fees means that there are limited pressures to solve this problem from within.

We have spent ten years building a replacement infrastructure for correspondent banking and have already made great progress in fixing the important problem of moving money across borders cheaply, conveniently and with transparent fees.

Wise	TRADITIONAL BANKS
Cheap 0.7% avg. fee Cheaper with scale	Expensive 3-7% avg. fee
Fast 38% Instant 62% < 1 hr 83% < 24 hrs	Slow Up to 2-5 business days
Convenient A few taps to send	Inconvenient Long, unfriendly CX
Transparent No hidden fees	Opaque Less transparent with their rates with only 4% of bank respondents identifying the true cost (according to an EDC survey)

Personal customers trust us with moving approximately £1 in every £40 of the £2 trillion personal cross-border volumes processed in 2020. That represents approximately a 2.5% market share, making us a leading player in this fragmented market.

Micro and small businesses face the same problems when moving money internationally and our product and infrastructure works just as well for them as it does for personal customers. Our share of the SMB market is smaller, with banks holding approximately 95% of the market, but we are growing fast, with 23% of our FY2021 volume coming from micro and small businesses.

The cross-border money transfer market is enabled by a wide range of market players; however, banks still hold the largest share of the personal segment (66%), with traditional money transfer operators (13%) and other non-banks (18%) comprising the rest of the market. This provides a huge opportunity for us as we primarily compete against and take market share from these banks. Because incumbent banks rely on an outdated infrastructure for executing international payments, their services are slow, expensive and lack the ease of user experience that we offer. It's our infrastructure which truly defines our long term relative strengths in these fields. We expect to continue gaining

further share as people and businesses seek out faster, cheaper and more convenient ways of moving and managing their money across borders.

What We Did and What We've Built

How Wise Began

Wise started as a money-saving arrangement between two friends.

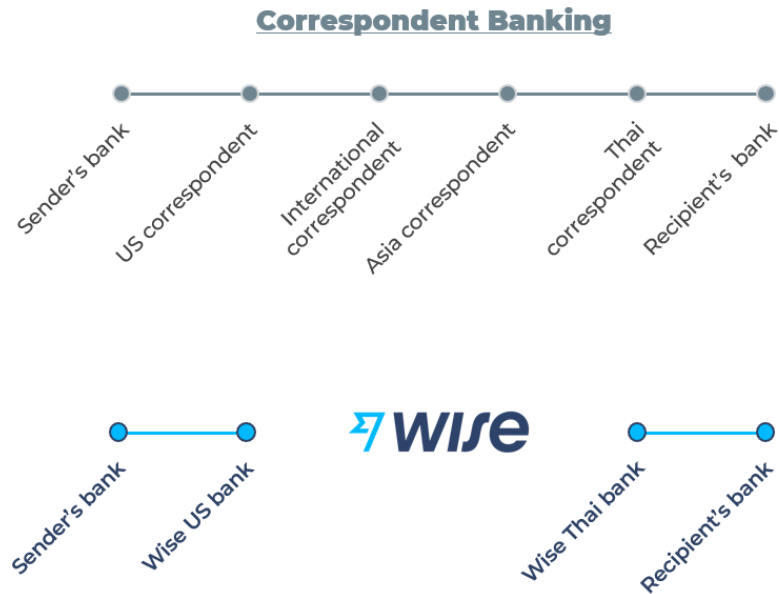
Kristo Käärman and Taavet Hinrikus were two Estonian professionals living in London. Taavet worked for Skype in Estonia, so was paid in Estonian kroon. At Deloitte in the UK, Kristo was paid in pounds but needed Estonian kroon to pay his mortgage back in Estonia. They devised a simple plan. Each month the pair checked that day's mid-market rate on Reuters to find a fair exchange rate. Kristo put pounds into Taavet's UK bank account, and Taavet topped up his friend's Estonian account. Both got the currency they needed, and neither paid a cent in hidden bank charges. They started to involve more friends in the plan, and in 2011, Kristo and Taavet launched their international transfer business which became TransferWise. Since then, over ten million customers, from more than 110 countries, have joined us on this journey. Following the development of our business far beyond international transfers for people, we rebranded to Wise in February 2021.

We've reached many important milestones along the way:



Our Infrastructure

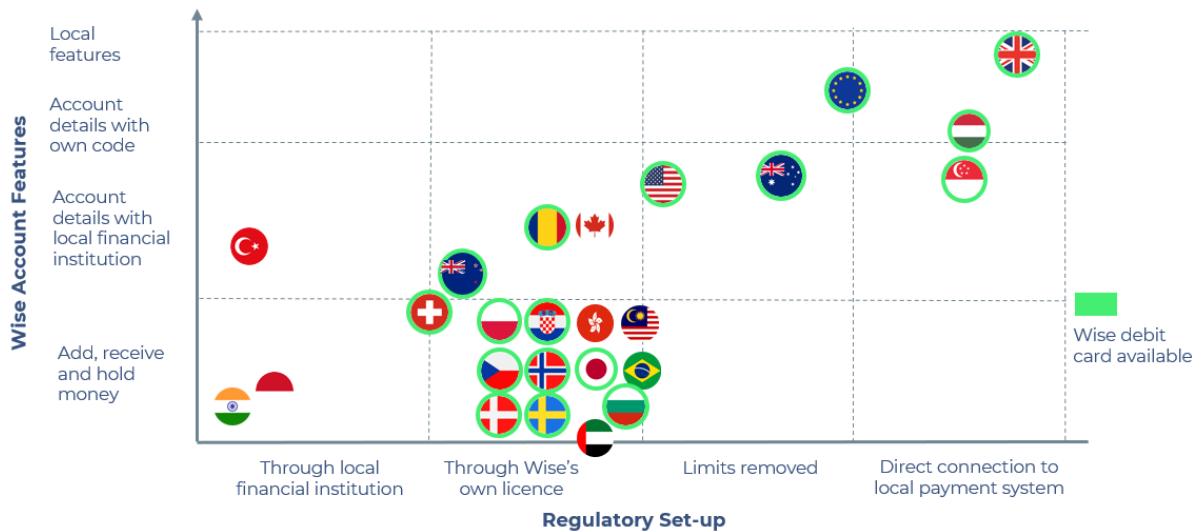
In order to solve the structural problems in the cross-border payments market, we realised we needed to replace the outdated correspondent banking system. Our infrastructure does this by stitching together local payment systems, eliminating intermediaries and manual processes, and hence removing the high costs, lack of transparency, delays and inconvenience that come with it.



Our infrastructure comprises four elements: (1) expansions and integrations; (2) technology; (3) regulatory; and (4) operations and customer support.

Expansions and Integrations

Our expansion journey begins with entering new geographies and partnering with local financial institutions to access domestic payment rails. Once we establish our presence, we deepen our connection by seeking our own regulatory licences, further integrating with local payment systems and rolling out features along the way. This is all carried out in a highly localised manner that is bespoke to each country, requiring close collaboration with local financial regulators. Our cross-functional teams work autonomously on many projects across regions in parallel, allowing us to increase our execution time and speed of expansion. The graphic below illustrates our geographical coverage as set out by the level of local integration and the type of available features.



Ten years ago, we started by offering two-way payments between the UK and Eurozone. Today we have direct integrations with four local payment systems, partnerships with 85 local financial institutions, local processing in 88 countries, local account details in 10 currencies and card issuance partnerships with Mastercard and Visa, and a cloud-based global connection with VisaNet.

Our industry-first integrations with local payment systems allow us to operate at faster speeds and lower costs. For example, by connecting directly to the FPS, we've been able to reduce our partner bank fees in the UK nine-fold and increase the speed of transfers to less than 20 seconds on average, which together has allowed us to drop our prices for customers sending to and from GBP. Similarly, when we integrated with Magyar Nemzeti Bank (the central bank of Hungary), customers sending to a Hungarian bank account saw a price drop of 14% on average and 82% of transfers to Hungarian Forint became instant (up from 17% in the third quarter of 2020). In Europe, we are an addressable BIC holder, enabling us to submit and receive payments within SEPA. In Singapore we are directly connected to FAST.

Technology

Our infrastructure is powered by modern, purpose-built technology, allowing us to scale rapidly whilst maintaining the quality and convenience our customers have come to expect. We have over 500 engineers, distributed in six regions across the globe, constantly evolving and deploying our technology through over 90 production deployments per day (approximately 3,000 per month).

Our technological interface, which includes our website, mobile applications and third-party integrations, are built on the same open API, creating a seamless customer experience on any device or platform, anywhere in the world.

Our entire product suite is underpinned by a core engine of advanced payments technologies, including local payments systems integrations, a global real-time treasury management system, a smart, multi-currency ledger and automated KYC and AML verification and financial crime fighting.

Local payment system integrations are complex multi-step journeys, which usually start with integrating a local financial institution or an aggregator through a single API, and are broadened to include multiple API integrations to add partner redundancy. To deepen our technical integrations, we deploy physical data centres to connect with local payment networks where required by law.

Our proprietary global treasury management system provides real-time usage and liquidity predictions, smart fund routing, accounting and foreign exchange and financial risk management. This system gives us a global view of all liquidity flows and requirements throughout our entire network, allowing us to make efficient liquidity investment decisions. For example, the system enables us to cycle our funds around the world to meet different local payment system cut-off times and improve the speed of pay-outs across the network. Using this data set, we've built proprietary machine learning algorithms to help predict our customers' need for various currencies. Today, approximately 50% of traded volumes are predicted, enabling us to operate with low levels of working capital and keep our prices low.

We have also built a proprietary financial crime fighting engine which uses machine learning extensively to catch suspicious transactions and support our financial crime team. Given the magnitude of data points we process, our machine learning engine enables us to identify and prevent fraud while supporting instant SLAs. Combined, our financial crime team and KYC team comprise over 450 Wisers working across verification (KYC), fraud, AML, enhanced due diligence, complaints, chargeback, requests for information and product compliance. These automated functions allow the teams to process over 21,000 ID checks per day.

Together, our technology delivers a scalable and highly resilient architecture with a 99.9% unadjusted uptime. Our infrastructure is cloud hosted and built to scale horizontally as our volumes grow. Our cloud-based operations also allow us to expand into new regions rapidly if our expansions require us to. Today we operate with 5x headroom based on current average utilisation, allowing us to continue to grow our business.

Regulatory

Our operations are supported by global licensing coverage. We hold 62 licences, across 11 different countries, supporting over 2,500 foreign exchange routes. We're on pace to keep increasing the number of licences, countries and currency routes we support. In FY2020 and FY2021, we added five licences, including in the UAE, Malaysia and Brazil, extending our currency routes across the Middle East, Asia and South America.

Our compliance team collaborates with regulators and law enforcement to access resources and tools, improve monitoring and keep pace with the latest local law developments. We have zero tolerance for the loss of any licences or public issuances from regulators that may inhibit our ability to serve our customers. As a result, we have never been the subject of an enforcement action.

Operations and Customer Support

Moving money should be stress-free, no matter how far it is travelling. We know convenience is central to our customers, so we've developed a hybrid model to automate processes where and when we can and provide customer support through chat, phone and email, when it's needed.

We utilise various tools to optimise our operations, such as payment batching to optimise cut-off times, instant recipient account validation to minimise payment delivery failures and an accurate delivery estimator based on machine learning and recipient feedback. For example, as at 31 March 2021, 91% of personal document review was automated and our delivery estimates were accurate over 90% of the time, meaning less hassle for our customers, less contact with our customer service team and reduced internal costs.

When our customers do get in touch, we aim to resolve their queries quickly, with over 650 support agents split by product and language and more than 150 payments operators with local payments expertise. In FY2021, 80% of cases were solved in just one interaction and as at 31 March 2021, 57% of business customers were verified and 90% of fraud reviews were completed within 24 hours.

To deliver a truly customer-centred experience, our operations and customer support teams do not work in silos. They actively collaborate with our product engineering teams to ensure that our products operate smoothly for our customers without the interventions of their team and that fit-for-purpose tools are available to assist them when needed.

This model allows us to operate in a fast, scalable and secure manner and to provide our customers with excellent service, driving a high NPS score and word-of-mouth growth.

Over the last decade, our teams, across multiple disciplines, worked tirelessly to imagine an infrastructure capable of powering the world's money movement. The result – a global, highly integrated, technology-led infrastructure – is our core competitive advantage. It has allowed us to create a superior product offering and a customer experience that people love, trust and recommend. As we grow, we'll continue to invest time and energy in this infrastructure.

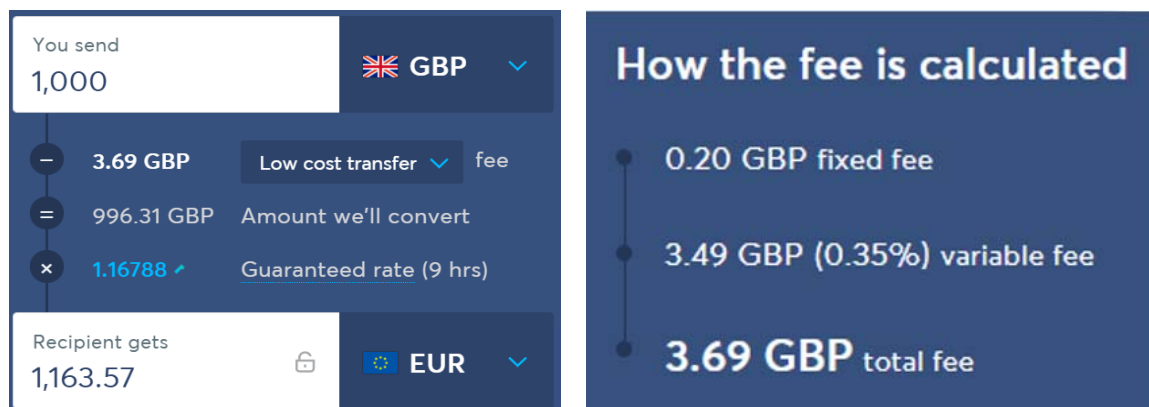
The Core of Our Proposition: Price, Speed, Convenience and Transparency

Grounded in our mission, our infrastructure is enabling us to redefine what is possible for price, speed, convenience and transparency, the four pillars that are critical to solving the problems facing our customers. While our lower prices are typically the reason why new customers try Wise, it is the combination of all four pillars that underpins our superior customer proposition, driving retention and growing engagement with our products and services over time.

Lower Prices

Our superior infrastructure underpins our low unit costs, allowing us to charge eight times less than leading traditional banks and six times less than PayPal, thereby saving our customers more than £1 billion in FY2021. On most transactions, we charge a single upfront fee, consisting of a fixed fee and a variable fee. For example, a typical transfer of

£1,000 into euros would have a fee of £3.69, consisting of a £0.20 fixed and 0.35% variable amount.



Our fees are set by adding a sustainable margin to our unit costs. Customers are able to choose the most cost-effective method of funding their transfers such as by bank transfer, direct debit, and, for customers with a Wise account, by paying out from a balance. Customers, including our business customers, also automatically receive lower pricing when sending large monthly volumes (over £100,000, or equivalent), with prices tiered, as low as 0.18%, depending on the amount transferred.

We believe customers should get what they pay for and so we aim not to cross-subsidise between customers, products or routes. We calculate exactly the costs involved in offering our various products and services, and we charge the customer that amount plus a small margin. When our costs go down, we aim to lower our prices. In FY2021, we lowered prices for certain currency routes used by 76% of our customers, with a decrease of 15% on average, and in a few cases up to 30%.

Eventually free means we're always working to decrease prices and over time, there are three ways we'll seek to lower prices further:

- *Scale:* As Wise gets bigger, we're able to increase the amount of money flowing through Wise while controlling costs and keeping them stable. When volume increases faster than costs, every transfer costs slightly less to process.
- *Reducing costs:* We cut out intermediaries by continuing to integrate directly with central payment systems, thereby lowering costs to process payments. We pass those savings back to customers.
- *Improving product and support:* We aim to automate how customers' money moves, which increases the quality of the product and reduces the amount it costs to run operations and support.

Faster Speed

We move money at speeds previously thought impossible. As illustrated in the graphic below, we have continuously increased the speed of our transfers, and in 2021, 38% of our

transfers were instantaneous, 62% were delivered in under one hour and 83% in under 24 hours.

Time for money transfers to arrive



This compares to an average of two to five business days it takes a traditional bank to complete an international transfer. We also believe that providing our customers with visibility to track their payments is critical, achieving more than 90% accuracy on our delivery estimates in 2021. We will continue to improve the speed of our transfers through further integrations and product innovation.

Convenience

Our rapid growth has been, and continues to be, driven by a virtuous cycle of positive user experiences achieved by prioritising our mission and building the most convenient way of moving money internationally. We're committed to making Wise available to anyone, anywhere, any time, on any device. Our infrastructure enables our customers to send, receive, hold, convert and spend money in a growing number of currencies, all in one place with only a few taps or clicks. Our customer experience is constantly improving thanks to our ongoing investment in product and technology and our focus on NPS and customer satisfaction. 76% of customers are net promoters and approximately 67% of customer sign ups come from "word-of-mouth" marketing, joining Wise on the recommendation of their friends and family. Wise is rated 4.6/5 on Trustpilot with over 100,000 reviews and has a 4.8/5 rating on the Apple Store.

Transparency

Customers rank transparency as one of the most important factors for international transfers however, according to EDC, only 4% of bank customers know that the full cost for sending money abroad is composed of both an upfront fee and an exchange rate mark-up. We are also fighting for transparency around the world, both by working with

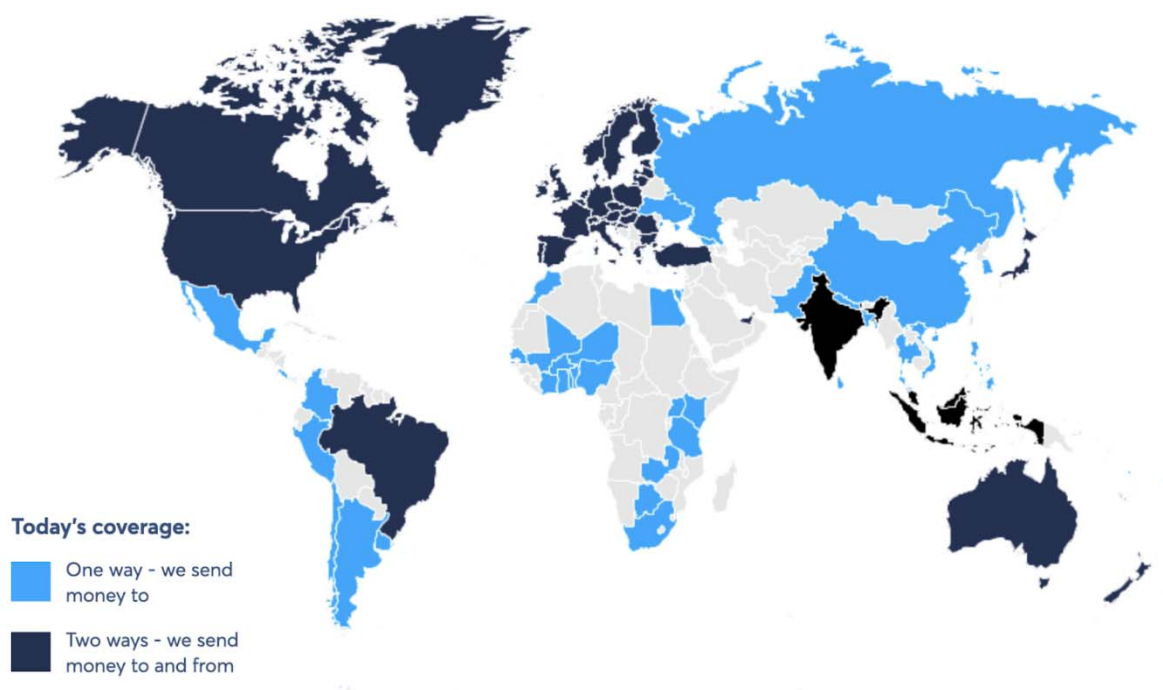
regulators and by empowering customers through educational content and raising awareness. We believe it is critical that we drive change not just at Wise but on a global scale.

Our Products and Services

Our global payments infrastructure and core proposition power our four core products: Wise Transfer, Wise Account, Wise Business and Wise Platform.

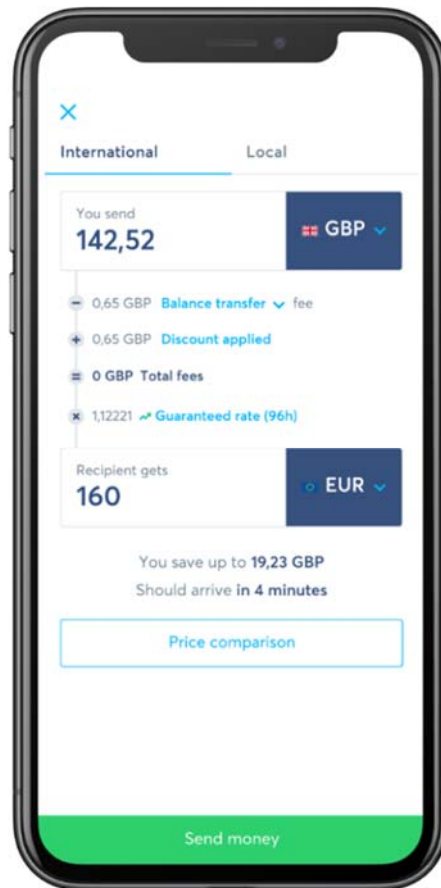
Wise Transfer

Wise Transfer is a cheap, fast and convenient way to send money abroad. With Wise Transfer, our customers can send money to more than 80 countries, covering over 85% of the world's bank accounts.



Our infrastructure enables us to process Wise Transfers by utilising local pools of liquidity to help eliminate payment processing inefficiencies. Our accounts hold currency around the world from the local payments we receive from customers and we utilise our in-house treasury function to purchase currency in the open market at very low costs where needed.

As much as possible, money does not cross borders. That makes our transfers much faster and cheaper than most traditional providers. There are no additional foreign exchange fees and customers know exactly how much they will be charged before initiating the transaction.



A Wise Transfer works in three steps, beginning with a customer paying in funds to Wise, with the funds then “converted” and paid out by Wise to the recipient.

Pay in

To send money, a customer – be it a personal customer or a business – sets up a transfer on our site or app by creating a payment order, and specifying the amount and the source and target currency. They then fund this transfer by making a domestic pay-in into our local Wise bank account. Customers can pay by a variety of methods, including bank transfers, card payment or through open banking, based on the payment currency.

Conversion

During the conversion step, we carry out the necessary verification (KYC), fraud, AML and enhanced due diligence checks which depend on the risk profile of the transaction. Once complete, and after the payment is received, we convert the money that was paid in. On most transfers, we guarantee our customers the mid-market rate, which is the midpoint between the price the market is willing to pay for a currency and the price at which the market is willing to sell a currency. We primarily source this rate from Refinitiv. When a customer initiates a Wise Transfer, in most cases, this rate is guaranteed for a limited period to allow the customer to fund their transfer.

Pay-out

Following conversion, we pay out from our local account to the recipient’s local account. The timing of the pay-out depends on the type of currency, availability of liquidity of the

target currency, the local currency cut-off time, local working hours, payment method, amount, any required verification and any requests for information, or requests for information from our banking partners about customers or recipients. Wise can facilitate multiple pay-out methods, including bank transfers and pay-outs to cards.

Wise Account

We are breaking barriers to build the world's most international account. The Wise Account defines a new category to meet today's multi-currency needs for people.

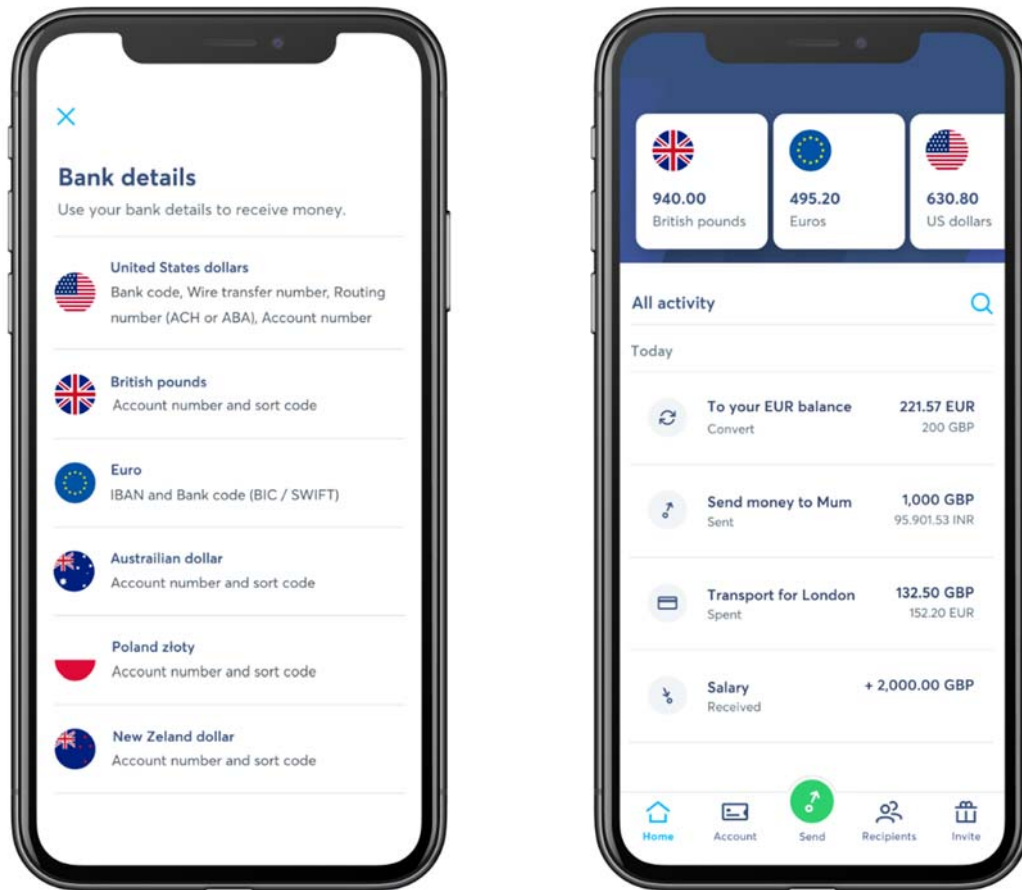
The account was designed for people living international lives, whether expats or travellers. It allows people to manage money around the world like a local bank account holder, cutting out traditional foreign transaction fees. It is free to sign up and there are no subscription fees.

Add, Receive and Hold Money

With a Wise Account, people can add money in 19 currencies to their balance, which can be funded either through Wise or from a customer's bank account by creating a payment order, subject to certain exceptions.

Customers are able to receive money, with local account numbers in ten currencies: the pound, euro, US dollar, Australian dollar, New Zealand dollar, Canadian dollar, Hungarian Forint, Romanian Leu, Singapore dollar and Turkish lira, with more currency capabilities on the way. These account numbers allow people to get paid like a local in 30 countries.

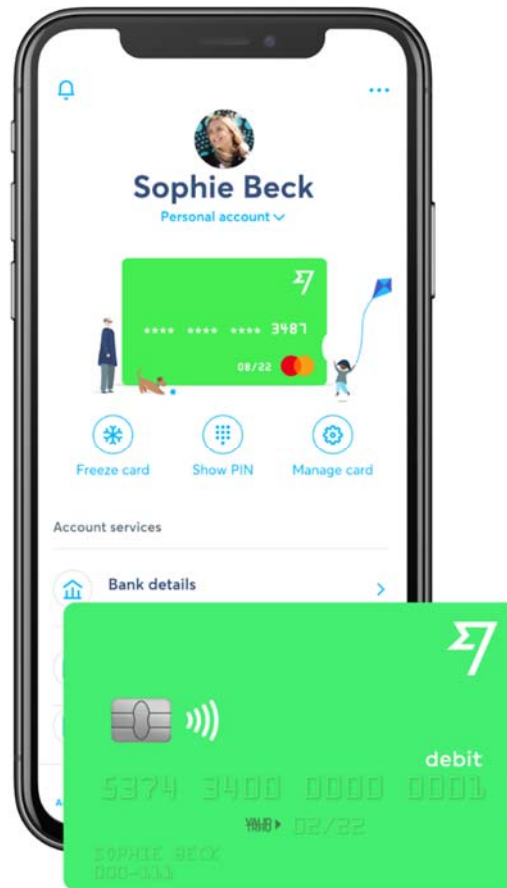
Further, customers can hold 56 different currencies in their account and convert money between any of these currencies at the mid-market rate. Money can be held as an everyday balance or separately in savings Jars. Money held in Jars provides customers with the ability to set aside money in any currency to use in the future.



Wise Debit Card

We partner with Mastercard and Visa to provide the Wise debit card. The debit card lets people spend money around the world at the mid-market rate, with low conversion fees and zero transaction fees. It's currently available for Wise customers in the UK, US, Australia, New Zealand, Singapore, Switzerland, Japan and EEA, with a small upfront charge for obtaining a physical debit card. So far, we have issued over 1.6 million Wise debit cards. The debit card can be used in more than 176 countries, enabling people to withdraw money from over 2.3 million ATMs. It can be tapped or swiped anywhere it is accepted, supporting payments through Apple Pay, Google Pay, Fitbit Pay and Garmin Pay.

With the Wise debit card, if a customer holds a particular currency in their Wise Account, there is no transaction fee associated with spending money in that currency. If a customer spends using a currency that is not in their account, we charge a conversion fee (typically between 0.24% to 3.69%), which is the same fee that is applied to a Wise Transfer, and use the mid-market rate for the exchange. If a customer holds multiple currencies and spends money with the card, the system automatically spends in the currency with the best conversion rate at the time, saving the customer money. For ATM withdrawals, if a customer has the currency they are withdrawing on their Wise balance, we provide two free monthly withdrawals up to a certain amount, depending on where the debit card was issued.



Invest money

In February 2020, the FCA granted us a licence to carry out regulated investment activities in the UK. Under the licence granted by the FCA, we will be able to offer our UK customers the option to invest from multiple currency balances into simple, affordable funds from reputable providers, allowing them to earn a return on their balances. Money held as investments of a value up to £85,000 within the Wise Account is protected under the UK Financial Services Compensation Scheme.

Wise Business

Wise Business provides all the benefits of Wise, tailored to freelancers, entrepreneurs and SMBs. As with Wise for personal customers, the Wise Business account provides business customers with international banking features, allowing businesses to manage money “locally” for a small fee.

Wise Business has scaled fast, replicating our success with personal customers, with over 300,000 active business customers in FY2021.

In addition to Wise Account features, Wise Business provides business-specific functionalities, all powered by our infrastructure. This includes invoicing, payment automation and accounting integration, multi-user accounts, enhanced spend money benefits through the Wise Business debit card, batch payments, recurring (scheduled) payments and API-based payment workflow automation.

The graphic below provides a comparison of the available features in the Wise Account and Wise Business.

	wirebusiness	wire
Money transfer	✓	✓
50+ currency balances	✓	✓
Debit card	✓	✓
	Multiple cards	
Local account details	✓	✓
Direct debits	✓	✓
Business Onboarding	✓	
Business verification	✓	
Batch payments	✓	
Multi-user access with roles & permissioning	✓	
Accounting Syncs & reporting	✓	

Invoicing, Payment Automation and Accounting Integration

Wise Business enables customers to pay suppliers and invoices using Wise Transfer or with the business debit card. See “—Wise Business Debit Card”. We also offer our business customers free, professional invoice templates for invoicing and provide tools to automate invoice payments, make recurring transfers and set up standing orders. Our accounting integrations allow businesses to connect their accounts with Xero, QuickBooks and FreeAgent. This allows a business customer to automatically sync their business activities in Wise Business, including expenses and accounts to their accounting platforms. Business customers can control which currency accounts they sync, keep track of international transactions in multiple currencies and enable or disable sync of any Xero, QuickBooks or FreeAgent bank accounts. The integration enables daily syncing, removing the need to manually export or upload balance. These accounting integrations are based on our API, and 13% of Wise Business users who have a balance now integrate one of these accounting solutions.

Wise Business Debit Card

The Wise Business debit card operates in the same way as the personal debit card and enables businesses to take customer payments, cover supplier invoices, buy inventory and handle payroll in over 70 countries. In addition, ATM withdrawals in currencies held in a business account are free up to 200 GBP (or the currency equivalent) every 30 days, without a limit on the number of withdrawals. After that, there is a 1.75% withdrawal fee.

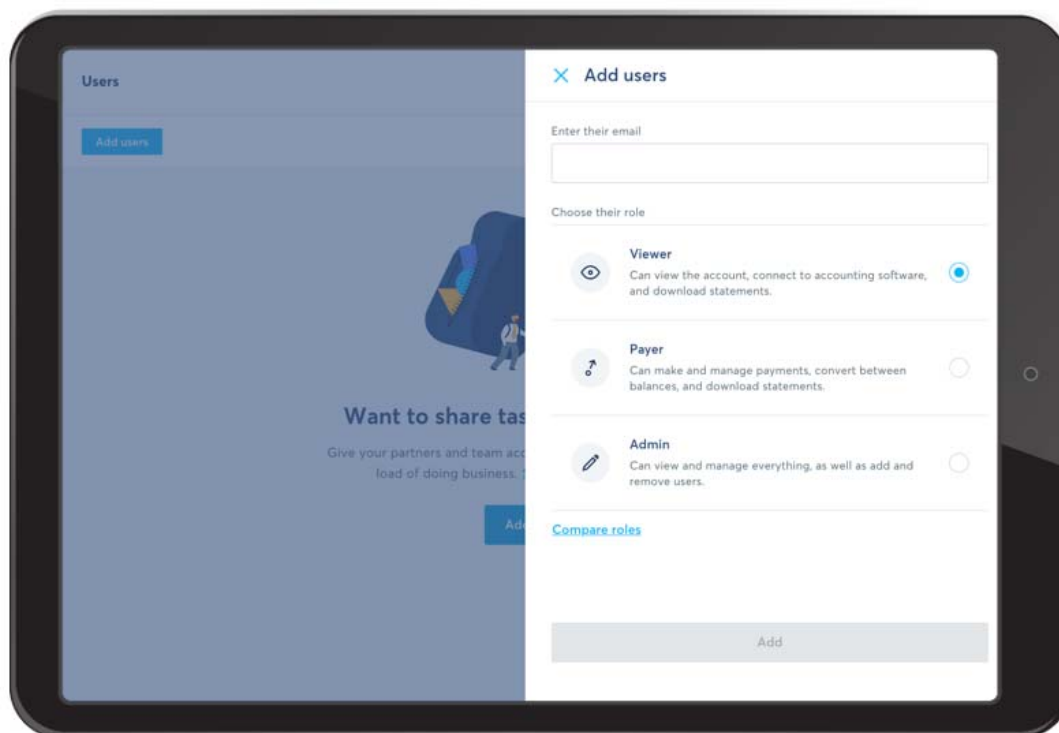
Batch Payments

Batch payments is Wise’s mass payments solution that allows business customers to make up to 1,000 payments with a single .CSV file rather than setting up one transfer at

a time. It obviates the need to manually pay out to all vendors or employees. This is an attractive solution for businesses that need to make a large number of pay-outs to their customers, freelancers, employees, investors or suppliers around the world. There is no surcharge to use the batch payments tool, businesses get the same mid-market rate and low fee, and it works everywhere Wise does. Batch payments have already been adopted by Bolt, Hubstaff, Time Doctor and Wolt, among others.

Multi-User Accounts and Real Time Notifications

The multiple user function enables businesses to assign roles within their organisation and to manage all aspects of the account, including making payments on behalf of a business. “Admins” can make payments, add other users and manage the account, as if they were the owner. Finance managers, accounts payable pros, or purchase ledger clerks can be designated as “payers”, and employees can be designated as “viewers” to view the account, and download statements and receipts. Business customers also have access to real-time notifications.

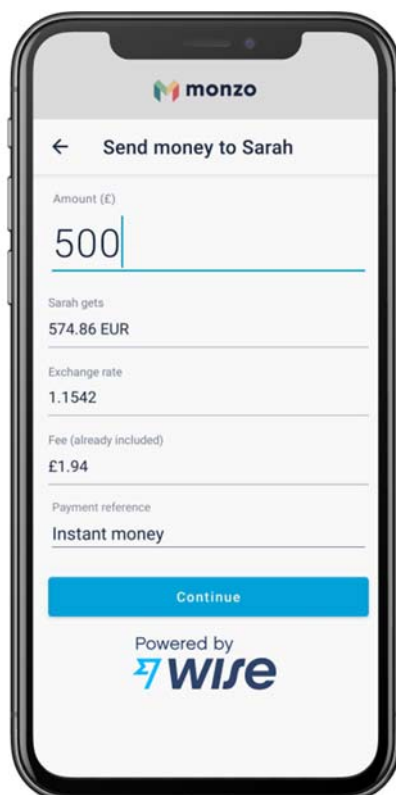


Wise Platform

Wise Platform allows banks, including credit unions and financial institutions, and our enterprise partners to integrate Wise’s payments network into their own mobile applications or online banking in order to provide their customers with faster, cheaper and more convenient international transfers, payments or disbursements. Wise Platform also allows distribution partners, such as core banking software and technology services providers, to enhance their own product offerings by pre-integrating Wise or facilitating easier integrations for banks. With Wise Platform, banks and our enterprise partners cut their operational costs and obtain access to our technical support and compliance

infrastructure. The integrations are free for Wise Platform clients and are built using our open API.

To date, we have completed Wise Platform integrations with 14 banks in 11 countries across four continents, partnering with both leading neobanks such as Monzo and N26, as well as traditional banks such as Stanford Federal Credit Union. We've also completed integrations with seven enterprise partners, including with Xero, Emburse and Google Pay, and work with 11 distribution partners, including Temenos and Thought Machine.



Our Growth Strategy

We have built an entirely new cross-border payment network that we believe will one day power money without borders for everyone, everywhere. We aim to achieve this by continuing to deliver on our mission and in turn profitably and sustainably grow our cross-border volumes.

As we grow our volumes, our scale will deliver a lower unit cost. We will invest this in our growth by:

- investing in our products and infrastructure to improve our proposition and product set, in turn attracting more customers;
- investing in marketing to acquire more customers; and
- investing in lowering prices for our customers, further driving growth and reinforcing our position as a low cost, fairly priced provider to our customers.

As these investments drive growth, they in turn drive lower unit cost and deliver a sustainable growth model to support our mission. The product and infrastructure investments will support the following strategy:

Continue to Build an Infrastructure that Can Move Money for Anyone, Anywhere

We have gained strong momentum in building our global payments infrastructure and have no plans to slow down. The rate at which we are directly integrating into underlying payments systems, expanding our regulatory coverage, optimising our operations and collaborating with local financial institutions and payment processing networks is accelerating, and with it, the rate at which we are launching new products and services in a growing number of countries. This momentum will sustain and set us apart as we continue to expand globally and increase our market share in both personal and business segments. We believe that by powering instant, convenient, transparent and cost-efficient cross-border payments, we will continue to provide a superior international account experience and by doing so help more people and businesses, in more countries across the world, operate financially without borders.

Continue to Deliver on our Mission to Personal Customers

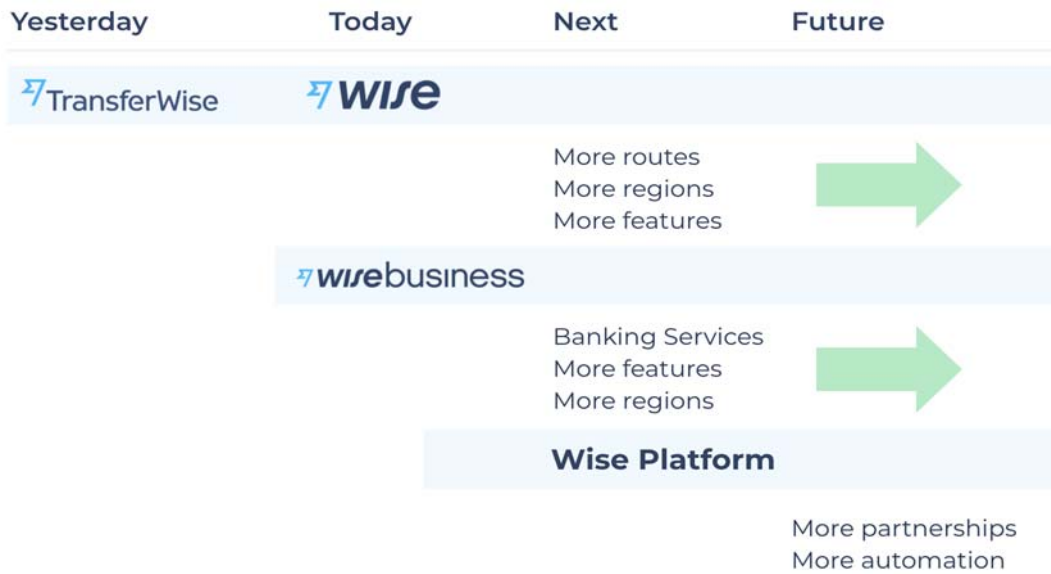
We will aim to grow the number of routes and regions we serve, allowing us to reach new customers. Following our rebrand, we will also continue to develop new features, driven by our customers' needs and feedback, to expand our offering and cement our position as the world's most international account. This will allow us to attract new customers in our existing markets and to continue to drive the engagement of our existing customer base. We see significant opportunities across multiple geographies and customer segments that we believe we are well-positioned to capture. We will continue to move money for people, wherever they are, whatever they are doing.

Continue to Deliver our Mission to Business Customers

We're scaling Wise Business rapidly, and we intend to continue to leverage all of the features of Wise for personal use, while also further strengthening our offering to meet the unique demands and use cases of business users with additional business functionality and features. We've prioritised numerous requests for additional business features, adding to existing features such as accounting integration and multi-user accounts. We expect that such additional features, combined with our strategic focus on attracting business customers, will drive even greater engagement and frequency with our business customers, fuelling our growth and the recurring nature of our business.

Continue to Deliver our Mission to Wise Platform Partners

We intend to further strengthen our existing relationships with our bank and enterprise partners. We also plan to build new strategic partnerships with other banks, enterprise and distribution partners in the different markets in which we operate, giving more people and businesses access to our low-cost global payments network.



OUR TEAM

Our People and Mission-Driven Culture

Wise is a group of more than 2,400 people, which we call Wisers, from more than 90 nationalities, who care deeply about our mission and share a set of common values:

- *This isn't just a job, we're a revolution:* We're making a positive, important change in the world. We're not just picking up a paycheck.
- *We get it done:* We break through walls to make amazing things happen. We take ownership of what we do. We take care of ourselves and each other.
- *Customers > team > ego:* We're working to create a better world for our customers – that's the whole point. The customer voice should always be the loudest. We listen to and serve them as a team.
- *No drama. Good karma:* We start by assuming everyone has good intentions. We respect each others' worldviews and challenge arguments, not individuals. We're open and honest – no hidden agendas here.

We are set up in autonomous teams that devolve decision-making to those Wisers closest to the problems they are solving, such as AML, payment operations and government relations. Teams work across our 17 global offices.

Our culture is one of our most attractive features, and we strive to ensure that the people we recruit adhere to our values of putting the customer first and getting things done. In FY2021, we hired over 650 roles to help us make a positive, important change to moving money internationally, growing our average global headcount to 2,243 in FY2021, from 1,881 in FY2020 and 1,334 in FY2019. We maintained a rating of 4.4 on Glassdoor as at 31 March 2021. Going forward, we will continue to invest in our existing resources and in growing our team.

Our Directors

Wisers are supported by a highly experienced and entrepreneurial founder-led management team that is fully committed to delivering on our mission. The following sets out details about our Directors and Senior Managers.

Name	Age	Position
Kristo Käärman.....	40	Chief Executive Officer
Matthew Briers ⁽¹⁾	44	Chief Financial Officer
David Wells.....	49	Senior Independent Non-Executive Director
Clare Gilmartin ⁽¹⁾	45	Independent Non-Executive Director designate
Taavet Hinrikus.....	40	Executive Chairman
Alastair Rampell.....	39	Non-Executive Director

Name	Age	Position
Hooi Ling Tan ⁽¹⁾	37	Independent Non-Executive Director designate
Ingo Uytdehaage	47	Independent Non-Executive Director

Note:

- (1) Director designate. Approved by the Board on 2 February 2021 and expected to be formally appointed after regulatory clearances are obtained.

Kristo Käärman (Chief Executive Officer)

Kristo is the Chief Executive Officer of the Company, which he co-founded in 2010. Prior to that, he was a consultant at Deloitte and PwC. He holds a bachelor's and master's degree from the University of Tartu.

Matthew Briers (Chief Financial Officer)

Matthew is Chief Financial Officer of the Company. Matt joined the Wise team in 2015 from Google, where he was Head of Sales Finance for Google UK. Matt previously held the role of Head of Strategy for Asset Finance at Lloyds Banking Group, as well as managerial positions at Bain & Company and Capital One. He has nearly 20 years' experience in the financial sector. He holds a Master of Engineering in Engineering, Economics and Management from Oxford University.

David Wells (Senior Independent Non-Executive Director)

David joined the Board as Non-Executive Director in 2019. Prior to this, he served as Netflix's CFO for eight years, retiring in early 2019 after nearly 15 years with the company and having served as VP of Financial Planning and Analysis prior to CFO. Prior to joining Netflix, David served in various roles at Deloitte Consulting from 1998 to 2004 and in the non-profit sector before getting his MBA. He holds a joint MBA/MPP Magna Cum Laude from The University of Chicago and a bachelor's degree in Commerce from the University of Virginia.

Clare Gilmartin (Independent Non-Executive Director designate)

Clare joined the Board as Non-Executive Director in 2021. Clare has been a high growth technology leader for close to 20 years. After a stint in management consulting with BCG, Clare spent ten years growing eBay in Europe, latterly as VP eBay Europe. She then took over as CEO at Trainline in 2014, taking it from being a UK, rail only platform to being a pan-European Technology leader. She led the business through a sale to KKR in 2015, and then through a successful IPO in 2019. Clare is an adviser to Future Frontiers, a social enterprise that provides career guidance to pupils from low income backgrounds, and is also an advocate for women in technology. She holds a Bachelor of Commerce (Int) degree from University College of Dublin, and was their Business Alumni of the year in 2019. Clare is married and has three children.

Taavet Hinrikus (*Executive Chairman*)

Taavet is the Executive Chairman of the Company, which he co-founded in 2010. Prior to starting Wise, Taavet was Skype's director of strategy until 2008, starting as its first employee. He's also an active investor in Europe with 100+ technology investments companies including Bolt, Zego, Veriff, Gideon Brothers, Meatable, Farewill and many others. More recently he co-founded Jõhvi Coding School to provide greater access to coding skills and Certific to accelerate distributed medical testing. He holds an MBA from INSEAD and dropped out from computer science studies at Tallinn University of Technology.

Alastair (Alex) Rampell (*Non-Executive Director*)

Alex joined the Board as Non-Executive Director in 2018. Alex is a General Partner at Andreessen Horowitz where he focuses on financial services. He serves on the board of Branch, Brightside, Descript, Divvy, Earnin, FlyHomes, Loft, Mercury, PeerStreet, Point, Propel, SentiLink, Super Evil Megacorp, Wise, and Very Good Security. Alex additionally led Andreessen Horowitz's investments in Opendoor (\$OPEN), Plaid, Quantopian (acquired by Robinhood), and Rival (acquired by LiveNation). Prior to joining Andreessen Horowitz, Alex co-founded multiple companies including Affirm (\$AFRM), which he co-founded with Max Levchin, FraudEliminator (acquired by McAfee in 2006), Point, TrialPay (acquired by Visa in 2015), TXN (acquired by Envestnet in 2019) and Yub (acquired by Coupons.com in 2013). He holds a BA in Applied Mathematics and Computer Science from Harvard University.

Hooi Ling Tan (*Independent Non-Executive Director designate*)

Hooi Ling joined the Board as Non-Executive Director in 2021. Hooi Ling Tan is the Co-Founder of Grab, Southeast Asia's leading super app that offers users a wide range of on-demand services in the region, including mobility, food, package and grocery delivery services, mobile payments and financial services. Based in Singapore, she oversees critical pillars of Grab's operations, including corporate strategy, technology (product, design, engineering and data), customer experience and people operations. Prior to joining Grab full-time in 2015, Hooi Ling led high priority strategic and operational projects at Salesforce, working at the company's San Francisco headquarters. There, she specialised in Corporate Strategy, Corporate Operations, Pricing Intelligence and Monetisation. Before joining Salesforce, Hooi Ling was a consultant at McKinsey & Company, advising global corporations in Southeast Asia, North America, Latin America and Australia on corporate strategy and operations. Hooi Ling is a member of the National University of Singapore (NUS) Board of Trustees, and sits on the board of the Economic Development Board (EDB). Hooi Ling has a Bachelor of Engineering (Mechanical) from the University of Bath, and a Master of Business Administration from Harvard Business School.

Ingo Uytdehaage (*Independent Non-Executive Director*)

Ingo joined the Board as Non-Executive Director in 2019. He is also currently the CFO of Adyen and a Board member of Foam Museum, Amsterdam. Before joining Adyen, he held the position of Finance Director at KPN in The Hague. He has also held various roles in the telecommunication and retail industries, including diverse management functions at VendexKBB/Maxeda. He has earned degrees from Maastricht University (MBA in

accounting and finance), Aarhus Business School in Denmark (MBA in supply chain management and organisational behaviour) and the Vrije Universiteit in Amsterdam (Post Graduate, CPA).

Our Senior Managers

Name	Age	Position
Kristo Käärman ⁽¹⁾	40	Chief Executive Officer
Matthew Briers ⁽¹⁾	44	Chief Financial Officer ⁽²⁾

Notes:

- (1) See “—Our Directors” above for Kristo’s and Matthew’s biographies.
- (2) Director designate. Approved by the Board on 2 February 2021 and expected to be formally appointed after regulatory clearances are obtained.

Corporate Governance

As an unlisted private company, we have not been subject to the Governance Code. However, the Company is committed to high standards of corporate governance and, as such, the Board has established an audit and risk committee, a nomination committee and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

Audit and Risk Committee

The audit and risk committee, which was established in 2017, assists the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing our annual and half year financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of our internal audit, internal controls, whistleblowing and fraud systems. The audit and risk committee will meet as often as deemed necessary but at least three times a year. The audit and risk committee will include Independent Non-Executive Directors. A Non-Executive Director who is not independent but who has recent and relevant financial experience may be appointed as a member of the committee if the Board considers it desirable in the interests of the Shareholders as a whole.

The audit and risk committee is chaired by Ingo Uytdehaage and its other members are David Wells and Taavet Hinrikus.

Nomination Committee

The nomination committee’s role is to assist the Board in reviewing the structure, size and composition of the Board. It is also responsible for reviewing succession plans for our Directors, including the Executive Chairman and the Chief Executive Officer and other senior executives. The nomination committee will meet as often as it deems necessary but at least once a year.

The nomination committee is chaired by David Wells and its other members are Kristo Käärman and Taavet Hinrikus.

Remuneration Committee

The remuneration committee develops our policy on executive remuneration (including bonuses, incentive payments and pension arrangements), determines the levels of remuneration for the Executive Directors, including the Executive Chairman and Chief Executive Officer and other senior executives of Wise. It also prepares an annual remuneration report for approval by the Shareholders at the annual general meeting. The committee is also responsible for motivating, retaining and incentivising our people and for attracting world-class talent. The remuneration committee will normally meet at least twice each financial year. The terms of reference of the remuneration committee provide that no Director will be involved in deciding his or her own remuneration outcome.

The remuneration committee is chaired by David Wells and its other members are Ingo Uytdehaage and Kristo Käärman.

OUR OPERATING AND FINANCIAL REVIEW

Overview

We are on a mission to solve moving money across borders.

We started off in 2011 with international transfers for people and have since expanded to build a global cross-border payments network, helping millions of personal and business customers worldwide replace traditional international banking. We have now spent 10 years building a replacement for the existing correspondent banking infrastructure. This infrastructure is enabling us to redefine what is possible for our customers on price, speed, convenience and transparency and our goal is to one day power money without borders for everyone, everywhere.

Our success to date has come about through a relentless focus on solving the problems facing our customers whilst building a sustainable and profitable business to support our mission. We have done this while also bringing transparency into an opaque industry, thereby finding a common ground and creating value for both our customers and our shareholders.

Today, we are solving a massive problem, at scale, growing fast and profitably.

In FY2021, we moved £54.4 billion across borders, for 6.0 million active customers, representing a volume CAGR of 42% between FY2019 and FY2021. Our revenues increased by a CAGR of 54% over the same period, reaching £421.0 million in FY2021. We saw strong growth not just at a Group level but also across all geographies we operate in and with both personal and business customers. Our gross profit margin was stable at approximately 62% throughout this period. In FY2021, Adjusted EBITDA margin reached 25.8% and Cash Conversion was 95.6%.

Our growth has been fuelled by building products and features that customers love. We re-invest our margins into creating a better customer experience by improving our products, investing into marketing to help spread the word, and sustainably lowering prices. We believe that the best infrastructure will win in the long-term.

This focus on our mission will not change as we continue to grow and scale, and neither will our approach to investment and focus on building a strong, sustainable and cash generating business that is best placed to address the evolving needs of our customers over the long term.

Key Factors Affecting Our Results of Operations

As part of our transparent business model, we earn revenues from the upfront fees we charge our customers who use Wise to send, spend, receive and hold money globally. The vast majority of these fees are earned when customers send or convert foreign currency. In addition, we earn fees on domestic same currency transactions, for example when customers pay out to local currency bank accounts, or spend domestically on their Wise debit cards.

So our fees are largely charged on the volume that moves over our network, and this volume is a function of the number of active customers transacting on Wise, including both new and returning customers, and the average volume moved by each customer. Following this, our revenue is a function of our volumes and take rates, which are based on the fees we charge on cross-border payments and other fees.

This revenue covers our cost of sales which includes bank and partner fees, as well as foreign exchange and other product costs. Our gross profit is revenue less our cost of sales and net credit losses on financial assets, which pays for employee expenses, including investment in our product engineering teams and spend on outsourced services such as paid marketing. Adjusted EBITDA is what we are left with after we have covered all our administrative expenses. Our Free Cash Flow further takes into account capital expenditure, lease payments and changes in working capital.

The key factors affecting our results include our growing personal and business customer bases, their consistent and highly recurring volumes per customer, and the fees we charge, which together underpin our revenue growth. Furthermore, our focus on controlling costs including cost of sales, employee expenses and spend on outsourced services supports our profitability and our ability to generate cash and capital.

Key factors affecting our revenue and growth

Our two high quality, high growth customer bases

Overall, our active customers grew at a CAGR of 35% from 3.3 million in FY2019 to 6.0 million in FY2021. Our active customers include both people and businesses. The growth of both our personal and business customer bases rests on building products that customers love and recommend, which is made possible by investments in our infrastructure and product engineering teams.

The following table sets out our active customers for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
Active customers (<i>million</i>).....	6.0	4.7	3.3
Personal (<i>million</i>)	5.7	4.5	3.2
Business (<i>thousand</i>)	304.9	193.5	119.2

Our Proposition for Personal Customers

Our personal active customers grew at a CAGR of 33% between FY2019 and FY2021, increasing from 3.2 million to 5.7 million over the same period.

This has been supported by continual improvements to our proposition, centred on pricing, transparency, speed, convenience and coverage. This includes the introduction of the Wise Account in 2017, which enables our customers to receive and hold foreign currency and to spend from their accounts using the Wise debit card. See “About Wise—Our Products and Services—Wise Account”.

Our Proposition for Business Customers

We are solving the same problems for business customers, leveraging the infrastructure and products that we built for people. We began to focus on businesses in 2016, and with the launch of the Wise Business in 2017 we developed a tailored international account solution for freelancers, entrepreneurs and SMBs. See “*About Wise—Our Products and Services—Wise Business*”. Businesses are especially engaged on their Wise accounts, with approximately half of our active business customers in FY2021 using their Wise Business account.

Our active business customers grew at a CAGR of 60% between FY2019 and FY2021 from approximately 119,000 to approximately 305,000. We believe that offering an international account and features to our business customers, which can be integrated into their daily operations, will continue to drive growth.

In FY2021, Wise account holders (including Wise Account and Wise Business) were approximately 50% more active and converted twice as much volume as our Wise Transfer customers. Customers held a total of £3.7 billion in deposits in their Wise accounts as at 31 March 2021, up from under £1 billion as at 31 March 2019.

Our Geographic Coverage

International expansion has been a key focus for us as we aim to serve customers globally. In the period under review, we continued to add new currency routes and to roll-out our product suite to personal customers, businesses, banks and enterprise partners around the world.

Our Viral Model and Customer Acquisition Activities

The rapid growth in our active customers has been driven by high levels of engagement and virality among customers, who have joined and helped spread the word about Wise, supplemented by our paid marketing efforts. This virality is underpinned by the strength of our customer proposition, which is constantly improving thanks to our ongoing investment in product and technology.

In FY2021, we had a net promoter score of 76, and 67% of new customers joined Wise based on the recommendation of their friends and family. Our paid marketing efforts focus on social media, search engines and audio and visual channels to run advertisements and share news and product updates about Wise. Another important component of our marketing approach is our public campaigning and communications, with 47,000 of our customers signing our petition to make fees transparent in the UK and 13,000 customers helping campaign governments to change laws on behalf of everyone. Transparency on our progress through regular mission updates further engages customers to support our mission.

Our Proposition for Banks and Enterprise Partners

We want to take the benefits of Wise to as many customers as we can. In some cases, this means embedding our proposition directly in the apps that people and businesses already use today. We do this through our Wise Platform, which is our proposition for banks and enterprise partners. See “*About Wise—Our Products and Services—Wise*

Platform". To ensure sustainability in the long-term, we aim to price Wise Platform to have broadly similar economics as compared to customers who use us directly. This means we are impartial as to whether we grow from customers coming directly to us through our applications or website or through the Wise Platform. As at 31 March 2021, the annualised volume run-rate of Wise Platform was over £1 billion. The customer activity from the Wise Platform is reported in either the personal or the business segments depending on the underlying customer profile.

Banks are waking up to the challenge of offering their customers the international payment service they deserve. This is good news. Whilst some are trying to develop these services themselves, and some are even dropping their prices, many will still require the help of a partner like Wise. The more forward thinking of these banks are the ones we are helping first. Our distribution partners, which include core banking software and technology service providers, promote the use of Wise Platform by pre-integrating Wise into their offerings or facilitating easier integrations for banks. Our ability to continue partnering with banks, enterprise and distribution partners will depend on a number of factors, including the desire of potential partners to integrate with third-party platforms for cross-border solutions, rather than develop these capabilities in-house.

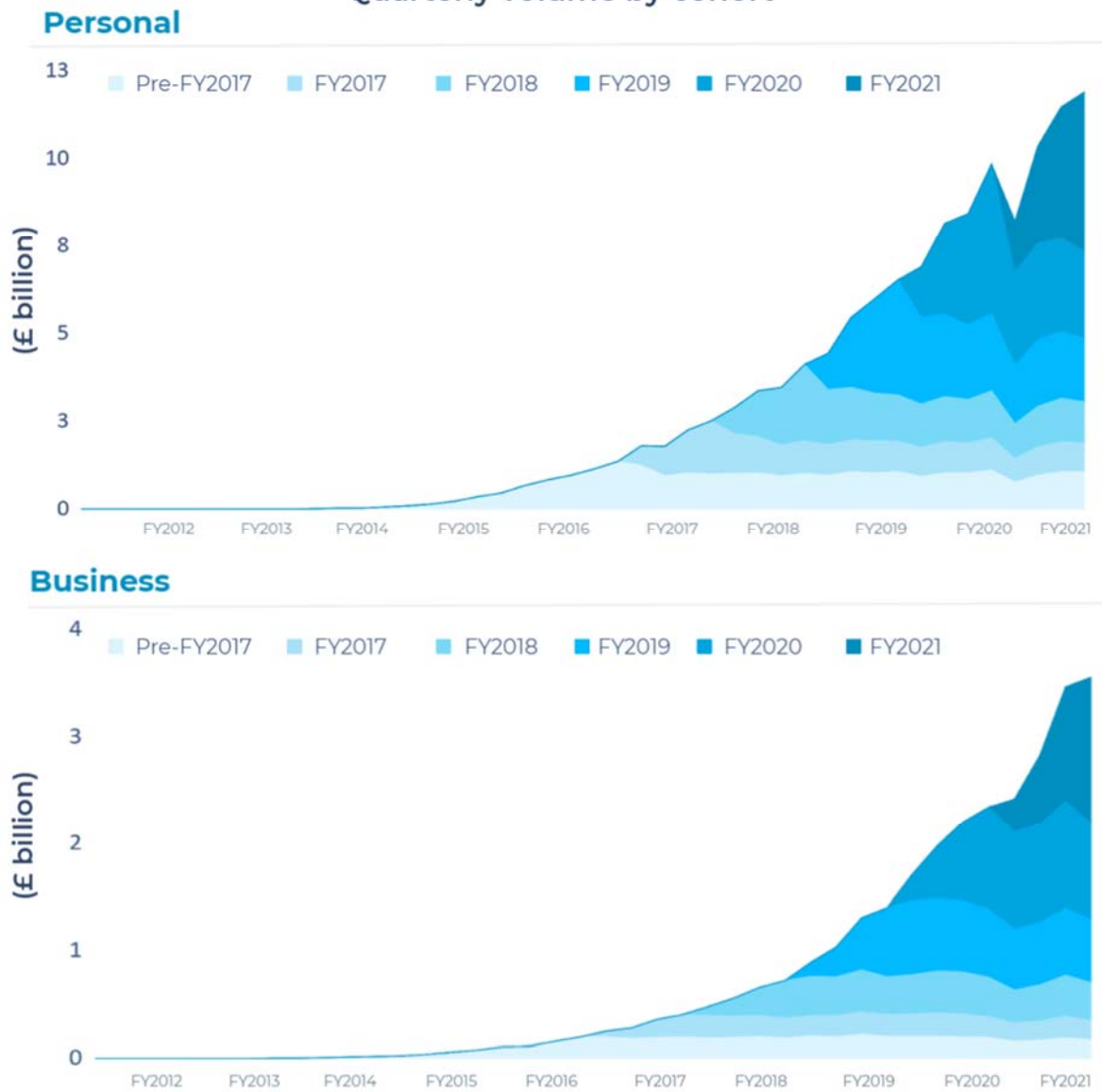
The stable usage and consistent repeat behaviour of our customer cohorts

The average volume transacted by personal and business customers has remained relatively stable over the period under review, reflecting the consistent and recurring usage behaviour of our customer cohorts.

Customers typically join Wise for our low and transparent prices. Once they join, they continue using us as our price, speed, convenience and coverage provides them with a product which is an order of magnitude better than alternatives. As a result, we have consistent cohorts across both personal and business customers, which generate stable and highly recurring volumes.

The following graphs present the quarterly volume for personal and business customers by financial year cohort. These graphs demonstrate that in addition to the highly recurring volume from each personal and business cohort, our cohorts have got progressively larger each year.

Quarterly volume by cohort



The overall average volume per customer grew from 8,200 in FY2019 to 9,100 in FY2021, driven mainly by an increase in the proportion of business customers who send larger volumes on average. In FY2021, the average annual volume per active business customer was £40,400 compared to £7,400 for personal customers. During the same period, the average revenue per active customer was £261 per business customer and £60 per personal customer.

The following table sets out the average volume per customer for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
	(£ thousands)		
Volume per customer	9.1	8.9	8.2
Personal.....	7.4	7.4	7.1
Business.....	40.4	42.7	39.1

The predictability and growth of our volume

In FY2021, we processed a volume of £54.4 billion representing a CAGR of 42% between FY2019 and FY2021. Our personal customers generated £42.1 billion in volumes in FY2021, growing at a CAGR of 37% between FY2019 and FY2021. Wise Business generated £12.3 billion in volumes in FY2021, growing at a CAGR of 62% between FY2019 and FY2021.

This volume growth across both personal and business customers corresponds to the increase in active customers as the average volume per customer has remained broadly stable over the period. As a result of the faster pace of growth in our business customers, the volume from business customers as a proportion of total volume increased from 17% in FY2019 to 23% in FY2021.

The following table sets out our volume for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
	(£ billions)		
Volume.....	54.4	41.7	27.1
Personal	42.1	33.4	22.4
Business.....	12.3	8.3	4.7

The resilience of our business model

The COVID-19 pandemic has had and continues to have a significant impact on the global economy and markets in which we operate. Since the outbreak of the pandemic, our main priority has been offering a disruption-free service to our customers, whilst maintaining the wellbeing and productivity of our employees.

The onset of the COVID-19 pandemic caused significant market and exchange rate volatility. For example, the US dollar to euro exchange rate reached both a 12 month high and low in a single week. Customer activity is impacted by exchange rate volatility. On average, we see customers move money internationally when rates are favourable and hold back volumes when rates are unfavourable. While exchange rate volatility and the associated customer behaviour may have an impact in the short term, to date these fluctuations have not materially affected our volumes on an annual basis.

COVID-19 related exchange rate volatility drove strong volume growth in March 2020, which was followed by a decrease in volatility and volumes in April and May 2020. This volatility was in particular seen in the average volume per customer, rather than the level of active customers. From May 2020, we experienced a more stable and steady increase in volumes versus the corresponding periods in FY2020. In the second half of FY2021, we averaged over £5 billion in monthly transaction volume. The following graphs show our active customers, volume per customer, and total volumes for each quarter of the period under review.

Active customers (million)



Quarterly volume per customer (£ thousand)



Volume (£ billion)



Overall, our performance remained resilient during extraordinary macroeconomic uncertainty, volatility and disruption due to the pandemic. This demonstrates the value of our products and services to our customers and the resilience of our business model.

The fees we charge

We are committed to being transparent with the fees we charge, showing customers upfront the total fee for any transfer or service. For international transfers, we charge a

single upfront fee per transaction, consisting of a fixed and variable amount. For example, a typical transfer of £1,000 sterling into euros would have a fee of £3.69, consisting of a £0.20 fixed and 0.35% variable amount.

The amount of both the fixed and the variable portion of the fee depends on a number of factors, including the currency route, the transfer size, the type of transaction being undertaken and the payment method used.

We aim to price our products, services and features sustainably without cross-subsidising between customers, products or routes. Our fees are set by adding a sustainable margin to our underlying unit costs on a transaction level. We lower prices where and when we can sustainably reduce costs, for example, by directly integrating with local payment networks or by renegotiating lower unit costs. This is a major difference between Wise and many other businesses. As an example, when we integrated with Magyar Nemzeti Bank (the central bank of Hungary), customers sending to a Hungarian Forint bank account saw a 14% price drop on average as our costs of processing transfers to Hungary decreased. We have a team dedicated to understanding and reviewing the price of each of our more than 2,500 currency routes and other services. We have seen that, as volumes for a specific currency route grow, we are able to reduce our costs per transfer and therefore lower our average fees, while maintaining our margins. However, whilst we lower prices when our costs go down, sometimes our costs, and therefore our prices, can also increase.

A majority of our revenue is made up of fees on international transfers. Additionally, we also generate fees from other customer activities. This includes fees from same currency transactions, interchange fees from spend on our debit cards and other fees from product features related to the adoption of the Wise account.

Our total take rate is calculated as total fees across all customer activity as a proportion of volume, and was 0.77%, 0.73% and 0.66% for FY2021, FY2020 and FY2019, respectively. Our take rates have increased in line with the increase in the cross-currency take rate fees and the growth of other fees, driven in part by the introduction of the Wise Account.

The following table sets out our total take rate, cross-currency take rate and other fees as a proportion of volume for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
		(%)	
Total take rate.....	0.77	0.73	0.66
Cross-currency take rate	0.70	0.68	0.64
Other fees	0.07	0.05	0.02

Cross-Currency Take Rate

Our cross-currency take rate, calculated as the total fees on international transfers as a proportion of our volume was 0.70%, 0.68% and 0.64% for FY2021, FY2020 and FY2019, respectively.

This increased in FY2020 following a price increase for our customers as our unit costs increased, primarily from accelerated investments in our underlying infrastructure such as cloud storage.

In FY2021, we lowered prices for currency routes used by 76% of our customers, with a price decrease of 15% on average, and in a few cases up to 30%. Furthermore, in FY2021, we introduced volume-based tiered pricing, allowing customers sending large monthly volumes to benefit from lower fees.

Despite this, our average cross-currency take rate increased in FY2021. Our fees depend on a number of factors including the currency pair, transfer size and payment method used. Certain currency routes are more expensive to operate due to higher local bank and partner fees, higher foreign exchange costs and tax costs. In FY2021, we experienced relatively higher customer activity on more expensive routes. This increased our average cross-currency take rate and offset the impact price drops had on our take rate.

The price we report to our customers in our quarterly mission updates 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.

The following graph compares our cross-currency take rate against the price we report to our customers.

Cross-currency take rate (%)



This shows that after increasing in FY2020, our customer price has been slowly decreasing, and highlights that lowering prices sustainably is hard and will take us time.

That said, historically, we have made significant progress even in our more established routes. For example, the price we charged for a £1,000 sterling into euros transfer in 2016 was more than a third higher than our current price.

Other Fees

In addition to fees on international transfers, we have seen an increase in fees generated from other customer activity largely linked to the adoption of our Wise accounts, with 1.6 million debit cards issued and customer deposits having grown at a CAGR of 112% to £3.7 billion as at 31 March 2021. For example, we earn fees on domestic same currency transactions, such as transactions paid out to local currency bank accounts, and interchange fees when customers spend with their Wise debit cards. Our other fees as a proportion of volume were 0.02% in FY2019, and have increased to 0.05% and 0.07% in FY2020 and FY2021, respectively, resulting in a corresponding increase in the total take rate over the same period.

The following graph compares our total take rate against the price we report to our customers and demonstrates that our total take rate has increased over the period under review, despite recent progress on reducing customer fees and price.

Total take rate (%)



The growth and diversification of our revenues

Our revenue, which is a function of our volumes and take rate, has increased by a CAGR of 54% from £177.9 million to £421.0 million over the period under review. This growth has been driven by more customers sending more volume with Wise, and the increase in our take rate. See “—The predictability and growth of our volume” and “—The fees we charge”.

Revenue from personal customers has increased to £341.3 million in FY2021, at a CAGR of 50% over the period. Revenue from business customers has grown faster, at a CAGR of 72%, to reach £79.7 million in FY2021. Furthermore, as a result of our geographic

expansion, our revenues are well diversified and growing rapidly across all geographical regions. See “—Results of Operations by Geographical Regions”.

The following table sets out our revenue for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
	(£ millions)		
Revenue	421.0	302.6	177.9
Personal.....	341.3	251.7	151.0
Business	79.7	50.9	26.9

Key factors affecting our profitability

Our focus on controlling cost of sales and net credit losses

Cost of sales are costs that are directly associated with our revenue generating activities. This primarily relates to bank and partner fees and net foreign exchange and other product costs. Additionally, we recognise net credit losses on financial assets pursuant to IFRS 9.

We are continuously working to control our costs and achieve scale. We have built highly integrated payment rails in local markets, comprising integrations with local payment systems, central banks, local exchanges, inter-bank payment schemes and local financial institutions, with the aim of improving the speed and lowering the cost of our services. This includes direct integrations with four local payment systems in the UK, Europe, Hungary and Singapore. We will continue to pursue similar integrations to offer an even faster and cheaper service to our customers. For more information on our payment rails, see “About Wise—Our Infrastructure—Expansions and Integrations”.

The table below presents a breakdown of our cost of sales for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
	(£ millions)		
Bank and partner fees	117.8	84.2	52.2
Net foreign exchange and other product costs.....	33.9	27.2	14.3
Total cost of sales.....	151.7	111.4	66.5
Net credit losses on financial assets.....	8.8	3.1	1.0
Total costs of sales and net credit losses.....	160.5	114.5	67.5

Our bank and partner fees are incurred in processing incoming and outgoing transfers, including required liquidity movements and interchange fees. Our bank and partner fees increased by a CAGR of 50% from £52.2 million in FY2019 to £117.8 million in FY2021 driven by a corresponding increase in revenue growth.

Our results have been and will continue to be impacted by foreign exchange exposure and volatility. We are exposed to foreign exchange rate movement from holding assets and liabilities in different currencies and guaranteeing customers a foreign exchange rate on their international transfers for a limited period of time.

Our net foreign exchange and other product costs increased by a CAGR of 54% from £14.3 million in FY2019 to £33.9 million in FY2021, driven by a corresponding increase in revenue growth. Our net foreign exchange costs relate to the difference between the published mid-market rate offered to customers and the rate obtained in acquiring currency as required. When a customer initiates a Wise Transfer, in most cases, this rate is guaranteed for a limited period to allow the customer to fund their transfer. If foreign exchange rates change between the time a transaction is booked (at which time the exchange rate is set) and when the recipient is paid out, we could incur a foreign exchange gain or loss, if this position was unhedged. We also enable our customers to utilise our services when markets are closed, including on weekend days and outside of normal trading hours, and are hence exposed to exchange rate fluctuations during periods when international transfers cannot be exchanged immediately. In addition to limiting the time period for which a guaranteed rate is available, to further reduce the impact of foreign exchange losses we actively monitor foreign exchange risk, and our exposures are managed through a combination of natural hedging and treasury products hedging. Some of the measures that our in-house treasury function undertakes to manage our market risk include limiting our exposure to certain predefined parameters and engaging in corrective controls to reduce and limit exposure for large value at risk amounts.

The risk of incurring a foreign exchange related loss is most acute during periods of significant short-term fluctuations in foreign exchange rates. This has typically occurred following geopolitical events such as natural disasters, acts of war, terrorism, political instability and public health issues. See “—*The resilience of our business model*”. However, while the increased volatility has increased our exposure to a foreign exchange loss, it has also, at times, driven increased volumes, which contributed to our growth.

Product losses are directly generated from customer transactions where these transactions are potentially subject to chargebacks, insufficient funds or other collection impediments, such as customer fraud.

Additionally, we may also incur credit related losses and recognise bad debt expenses pursuant to IFRS 9. Historically, these costs have been minimal outside of FY2021 which included a specific provision relating to its funds being improperly withheld by a Brazilian financial institution, MS Bank. For more information, see “*Additional Information—Litigation*”, “*Risk Factors—We face a number of risks that may impact our growth—We may have disputes with counterparties, including with local financial institutions, which may prove costly and time consuming to resolve*” and Note 5 of Part B of “*Our Historical Financial Information*”.

Our stable gross profit margin

Our focus on controlling unit costs and sustainably lowering prices for our customers has resulted in a stable gross profit margin of approximately 62% of revenue, meaning that our gross profits have grown in line with revenue.

The following table sets out our revenue for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
	<i>(£ millions, unless otherwise indicated)</i>		
Gross profit.....	260.5	188.1	110.4
Gross profit margin (%).....	61.9%	62.2%	62.1%

Our investment in product engineering and scaling of other functional costs

Our business strategy relies on improving and expanding our product offering to address customer needs and achieve our mission of money without borders. Key to this is our continued investment in our product engineering teams that develop features and products that improve the cost, speed, convenience and transparency of our proposition for our personal, business and Wise Platform customers.

In the period under review, we increased our investment in product engineering by a CAGR of 49% from £22.4 million in FY2019 to £49.8 million in FY2021, broadly in line with our revenue growth of 54% CAGR. This was driven by the increase in the average number of product engineering Wisers over the same period.

At the same time, we have scaled costs in other areas by ensuring that these costs grew slower than our volume and revenue growth. The employee costs in relation to our other functions increased by a CAGR of 36% from £29.1 million in FY2019 to £53.7 million in FY2021, predominantly driven by the increase in the average number of Wisers in other functions over the same period. As a result of our ability to control employee costs in other functions and grow revenue at a faster pace, we have been able to gain operating leverage.

The table below presents a breakdown of our employee benefit expense, excluding share-based compensation, for the periods indicated. Employee costs include salaries, social security costs, pension costs, employment taxes and insurance costs.

	Year ended 31 March		
	2021	2020	2019
	<i>(£ millions)</i>		
Product engineering	49.8	35.8	22.4
Other functions	53.7	42.9	29.1
Total employee benefit expense excluding share-based compensation.....	103.5	78.7	51.5

In addition, we have capitalised the following staff costs related to the development of intangible assets.

	Year ended 31 March		
	2021	2020	2019
	<i>(£ millions)</i>		
Capitalised staff costs.....	19.5	14.7	11.3

Product engineering employee costs, excluding share-based compensation, that are directly attributable to the development of product software controlled by us are recognised as intangible assets when certain criteria are met. During the periods under review, we capitalised £19.5 million, £14.7 million and £11.3 million of software development costs in FY2021, FY2020 and FY2019, respectively. These costs, classified as intangible assets for the period under review, were largely associated with enhancing our infrastructure to offer ever faster, cheaper and more convenient solutions, including to our API, Wise Account and Wise Business.

The following table details the average number of Wisers by function for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
Product engineering	671	537	368
Other functions.....	1,572	1,344	966
Total	2,243	1,881	1,334

We expect to continue to expand our overall headcount in the near to mid-term.

Our focus on paid marketing payback and scaling of other outsourced services

Our principal outsourced expenses include paid marketing, IT, compliance services, legal consulting and hiring and recruitment, as set out in the table below for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
	<i>(£ millions)</i>		
Paid marketing.....	21.6	13.6	13.5
Other outsourced services and administrative costs.....	52.1	46.6	32.5

	Year ended 31 March		
	2021	2020	2019
	<i>(£ millions)</i>		
Total outsourced services and other administrative costs	73.7	60.2	46.0
Exceptional items	(4.0)	—	—
Total excluding exceptional items	69.7	60.2	46.0

On paid marketing, we aim to acquire as many customers as we can while maintaining a payback period of less than 12 months in each of our paid marketing channels. Over the period under review, we have increased our investment in paid marketing at a CAGR of 26% whilst achieving an overall payback in paid channels of less than nine months.

Whilst paid marketing helps drive additional traffic from high-intent prospective customers, the strength of the Wise brand and the high percentage of word-of-mouth referrals allows us to be less reliant on paid marketing. Approximately two-thirds of customers who joined Wise in FY2021 did so through a referral, with the remaining one-third from paid marketing.

Other outsourced services, excluding exceptional items of £4.0 million in FY2021 related to the listing, have increased at a CAGR of 22% since FY2019 due to increases in headcount-related costs (e.g. office costs and hiring costs) and costs related to supporting our customer growth. These include IT platform costs and use of verification and other product-focused suppliers.

Our Adjusted EBITDA margin and reinvestment strategy

This operating leverage resulted in a sustainable Adjusted EBITDA margin of 25.8% in FY2021, which corresponds to £108.7 million Adjusted EBITDA.

The following table sets out our Adjusted EBITDA and Adjusted EBITDA margin for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
	<i>(£ millions, unless otherwise indicated)</i>		
Adjusted EBITDA.....	108.7	68.2	25.5
Adjusted EBITDA margin (%).....	25.8%	22.5%	14.3%

Over the period under review, we have continued to build better customer experiences, which have driven more volume and more scale and, together with the optimisation of our cost structure, resulted in a lower unit cost.

We have re-invested this scaling effect by:

- investing in our products and infrastructure to improve our proposition and product set, in turn attracting more customers;
- investing in marketing to acquire more customers; and
- sustainably investing in lower prices for our customers, further driving growth and reinforcing our position as a low cost, fairly priced provider.

As these investments drive growth, they in turn drive lower unit cost and deliver a sustainable growth model to support our mission. See “*About Wise—Our Growth Strategy*”. We will continue to make investments in these three areas. In FY2021, costs were lower than planned due to cautious hiring in the face of initial uncertainty at the onset of the COVID-19 pandemic, combined with a reduction in spend on certain services (e.g. travel) resulting in higher than planned Adjusted EBITDA margin. Refer to “—*Outlook*” for our medium-term and near-term outlook.

Key factors affecting our liquidity and capital resources

Our high Cash Conversion

The quality of our Adjusted EBITDA is reflected in the high Cash Conversion we have experienced. In FY2021, the Adjusted EBITDA of £108.7 million resulted in £103.9 million Free Cash Flow, which represents a 95.6% Cash Conversion. The Cash Conversion was higher than FY2020 (74.8%) due to a positive corporate working capital change (excluding collaterals) of £23.1 million primarily due trade and other payables. See “—*Key Operating and Financial Metrics*”.

Our corporate cash position increased by £188.4 million over the period under review, from £97.7 million in FY2019, to £286.1 million in FY2021, with the predominant driver being our ability to generate Free Cash Flow. See “—*Corporate cash*”.

The following table sets out our Free Cash Flow and Cash Conversion for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
	<i>(£ millions, unless otherwise indicated)</i>		
Free Cash Flow.....	103.9	51.0	13.3
Cash Conversion (%).....	95.6%	74.8%	52.2%

Our customer balances and safeguarding

We have customer related liabilities, primarily, driven by the Wise account deposits having grown at a CAGR of 112% to £3.7 billion as at 31 March 2021, reflective of the continued customer growth and uptake of Wise accounts. We ensure that our customers’ funds are safe by keeping them in segregated and safeguarded cash accounts and in highly liquid and low risk investments. Refer to “—*Customer balances and safeguarding*”.

Key factors affecting comparability of our results

Adoption of IFRS 16

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. We adopted IFRS 16 retrospectively from 1 April 2019. The impact of adoption of the new standard was therefore recognised in the opening balance sheet on 1 April 2019, as permitted under the specific transition provisions in the standard. The impact affected the presentation of assets, liabilities and the income statement. Specifically, the right of use assets and lease liabilities associated with existing leases were recognised in the amount of £15.7 million, and a decrease in provisions of £0.6 million, respectively, in each case, as at 1 April 2019. The net impact on our retained earnings on 1 April 2020 was an increase of £0.6 million.

Key operating and financial metrics

The following table sets out certain of our key operating and financial metrics, for the periods indicated.

	Year ended 31 March ⁽¹⁾		
	2021	2020	2019
Active customers (million)	6.0	4.7	3.3
Personal (million)	5.7	4.5	3.2
Business (thousand)	304.9	193.5	119.2
Volume per customer (£ thousands)	9.1	8.9	8.2
Personal (£ thousands)	7.4	7.4	7.1
Business (£ thousands)	40.4	42.7	39.1
Total volume (£ billions)	54.4	41.7	27.1
Personal (£ billions)	42.1	33.4	22.4
Business (£ billions)	12.3	8.3	4.7
Total take rate (%)	0.77%	0.73%	0.66%
Cross-currency take rate (%)	0.70%	0.68%	0.64%
Other fees (%)	0.07%	0.05%	0.02%
Revenue (£ millions)	421.0	302.6	177.9
Personal (£ millions)	341.3	251.7	151.0
Business (£ millions)	79.7	50.9	26.9
Gross profit (£ millions)	260.5	188.1	110.4
Gross profit margin (%)	61.9%	62.2%	62.1%
Adjusted EBITDA (£ millions) ⁽²⁾	108.7	68.2	25.5
Adjusted EBITDA margin (%)⁽²⁾	25.8%	22.5%	14.3%

	Year ended 31 March ⁽¹⁾		
	2021	2020	2019
Free Cash Flow (£ millions) ⁽²⁾	103.9	51.0	13.3
Cash Conversion (%)⁽²⁾.....	95.6%	74.8%	52.2%

Notes:

- (1) For more information on the definition and calculation of the key financial and operating metrics, see "Definitions and Glossary".
- (2) The following table provides a reconciliation from profit for the year to Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow and Cash Conversion for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
<i>(£ millions, unless otherwise indicated)</i>			
Reconciliation of Adjusted EBITDA and Adjusted EBITDA margin			
Profit for the year	30.9	15.0	10.3
<i>Adjusted for:</i>			
Income tax expense/(credit).....	10.2	5.4	(0.2)
Finance expense.....	3.8	3.2	2.1
Depreciation and amortisation.....	21.7	20.6	6.3
Share-based payment compensation expense.....	38.1	24.0	7.0
Exceptional items.....	4.0	—	—
Adjusted EBITDA	108.7	68.2	25.5
Revenue.....	421.0	302.6	177.9
Adjusted EBITDA margin	25.8%	22.5%	14.3%
Reconciliation of Free Cash Flow and Cash Conversion			
Adjusted EBITDA	108.7	68.2	25.5
<i>Adjusted for:</i>			
Payments for lease liabilities.....	(4.7)	(4.1)	—
Capital expenditure - Property, plant and equipment.....	(2.3)	(3.1)	(2.3)
Capital expenditure – Intangibles.....	(20.9)	(15.0)	(11.3)

Change in corporate working capital (excluding change in collaterals)	23.1	5.0	1.4
Free Cash Flow	103.9	51.0	13.3
Adjusted EBITDA	108.7	68.2	25.5
Cash Conversion	95.6%	74.8%	52.2%

Outlook

The following sets out our medium-term and near-term outlook and current trading.

Medium-term

While the impact of the COVID-19 pandemic will remain difficult to predict, we expect revenue to grow in the medium-term at a CAGR of over 20%.

Volume growth is expected to be the key driver of our revenue growth. Both personal and business customer volumes are expected to continue to grow, with business volumes expected to continue to grow at a faster pace, given the significant market opportunity and the smaller base from which we are starting.

Growth in volumes is expected, in turn, to be driven by active customer growth. Volumes per customer are expected to remain stable for people and businesses in line with what we have observed historically. Faster growth in business volume is expected to increase overall average volume per customer.

Revenue growth is expected to track volume growth as we expect total take rate to be broadly flat over the mid-term. While we are focused on sustainably reducing prices and expect to drop prices where we can, new routes and other fees are expected to counterbalance price decreases, leaving the take rate broadly stable.

We expect gross profit margin to remain stable. We plan to continue to invest in product, paid marketing and price to improve our products and drive longer-term volume growth, with Adjusted EBITDA margin expected to remain above 20% in the medium-term. Share-based payment compensation expense is expected to be mid to high single digits percentage of revenue in the medium-longer term.

Capital expenditure as a proportion of revenue is expected to remain stable.

Near-term and current trading

For FY2022, we expect revenue growth in the low to mid-twenties on a percentage basis, driven by similar dynamics to the medium term with regard to volume growth and total take rate.

We have continued to perform strongly in the start of FY2022, in terms of personal and business volumes and revenues. Year over year growth in the first quarter is expected to be above our full FY2022 expectation, primarily due to the impact that the COVID-19 pandemic had on volume and revenue growth in the first quarter of FY2021. We plan to publish a trading update for the first quarter of FY2022 in July 2021.

Results of Operations

Consolidated income statement

The table below presents our results of operations for the periods indicated, which have been extracted without material adjustment from the historical financial information set out in Part B of "Our Historical Financial Information".

	Year ended 31 March		
	2021	2020	2019
	(£ millions)		
Revenue	421.0	302.6	177.9
Cost of sales	(151.7)	(111.4)	(66.5)
Net credit losses on financial assets.....	(8.8)	(3.1)	(1.0)
Gross profit	260.5	188.1	110.4
Administrative expenses.....	(217.5)	(168.8)	(99.5)
Interest income from investments and operating assets	1.9	5.4	0.9
Interest expense from operating assets.....	(3.8)	(1.3)	—
Other income	3.8	0.2	0.4
Operating profit	44.9	23.6	12.2
Finance expense	(3.8)	(3.2)	(2.1)
Profit before tax	41.1	20.4	10.1
Income tax (expense)/credit	(10.2)	(5.4)	0.2
Profit for the year	30.9	15.0	10.3
Other comprehensive income:			
Fair value (loss)/gain on investment.....	(3.0)	1.1	1.2
Currency translation differences	(3.8)	0.5	0.4
Total comprehensive (loss)/income	(6.8)	1.6	1.6
Total comprehensive income for the year	24.1	16.6	11.9

Results of Operations by Customer Type

Our revenue is split across personal customers and business customers. The table below presents our revenue by customer type for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
	(£ millions)		
Personal.....	341.3	251.7	151.0

	Year ended 31 March		
	2021	2020	2019
	(£ millions)		
Business.....	79.7	50.9	26.9
Total revenue	421.0	302.6	177.9

Results of Operations by Geographical Regions

The table below presents our revenue by region for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
	(£ millions)		
Europe.....	136.3	94.5	49.7
United Kingdom.....	95.8	72.7	51.0
Asia-Pacific.....	89.2	47.4	24.4
North America	73.0	62.9	39.0
Rest of the world	26.7	25.1	13.8
Total revenue	421.0	302.6	177.9

Results of operations for the year ended 31 March 2021 compared to the year ended 31 March 2020

Revenue

Revenue increased by £118.4 million, or 39.1%, to £421.0 million in the year ended 31 March 2021 from £302.6 million in the year ended 31 March 2020. This increase was primarily driven by an increase in total volume of 30.5%.

Revenue from personal customers increased by £89.6 million, or 35.6%, to £341.3 million for the year ended 31 March 2021 from £251.7 million in the year ended 31 March 2020, driven by an increase in personal volume of 26.0%. Revenue from personal customers represented 81.1% of total revenue for the year ended 31 March 2021 (83.2% for the year ended 31 March 2020).

Revenue from business customers increased by £28.8 million, or 56.6%, to £79.7 million for the year ended 31 March 2021 from £50.9 million in the year ended 31 March 2020, driven by an increase in business volume of 48.2%. Revenue from business customers represented 18.9% of total revenue for the year ended 31 March 2021 (16.8% for the year ended 31 March 2020).

Cost of sales

Cost of sales increased by £40.3 million, or 36.2%, to £151.7 million in the year ended 31 March 2021 from £111.4 million in the year ended 31 March 2020. This increase was primarily

a result of the volume and corresponding continued revenue growth in the business and the corresponding increase in the costs of the products sold.

Net credit losses on financial assets

Net credit losses on financial assets increased by £5.7 million to £8.8 million in the year ended 31 March 2021 from £3.1 million in the year ended 31 March 2020. This increase was primarily driven due to a specific provision related to our funds being improperly withheld by a Brazilian financial institution, MS Bank. For more information, see “*Additional Information—Litigation*”, “*Risk Factors—We face a number of risks that may impact our growth—We may fail to operate in new or existing markets and/or expand our product and service offering in our existing markets*” and Note 5 of Part B of “*Our Historical Financial Information*”.

Gross profit

Gross profit increased by £72.4 million, or 38.5%, to £260.5 million in the year ended 31 March 2021 from £188.1 million in the year ended 31 March 2020. This increase was primarily due to revenue growth and corresponding increase in cost of sales. Gross profit margin marginally decreased to 61.9% for the year ended 31 March 2021 from 62.2% for the year ended 31 March 2020, which reflected our continued focus on pricing and controlling product costs.

Administrative expenses

Administrative expenses increased by £48.7 million, or 28.9%, to £217.5 million in the year ended 31 March 2021 from £168.8 million in the year ended 31 March 2020. This increase was primarily due to the increase in our employee costs and outsourced services, which reflects our continued investment in our people and service to support revenue growth.

Interest income from investments and operating assets

Interest income from investment and other operating assets decreased by £3.5 million, or 64.8%, to £1.9 million in the year ended 31 March 2021 from £5.4 million in the year ended 31 March 2020. The decrease was primarily due to lower yields on our listed bond portfolio and lower interest on cash deposits.

Interest expense from operating assets

Interest expense from operating assets and other operating assets increased by £2.5 million, or 192.3%, to £3.8 million in the year ended 31 March 2021 from £1.3 million in the year ended 31 March 2020. The increase was primarily due to the higher euro cash balances which had negative interest rates during the period.

Other income

Other income increased by £3.6 million to £3.8 million in the year ended 31 March 2021 from £0.2 million in the year ended 31 March 2020. The increase was due to income from government support schemes in respect to research and development expenditure and card issuance partners incentive programs.

Operating profit

As a result of the above, operating profit increased by £21.3 million, or 90.3%, to £44.9 million in the year ended 31 March 2021 from £23.6 million in the year ended 31 March 2020.

Finance expense

Finance expense increased by £0.6 million, or 18.8%, to £3.8 million in the year ended 31 March 2021 from £3.2 million in the year ended 31 March 2020. This increase was primarily due to higher drawdown of our revolving credit facility during the period.

Profit before tax

As a result of the above, profit before income tax increased by £20.7 million, or 101.5%, to £41.1 million in the year ended 31 March 2021 from £20.4 million in the year ended 31 March 2020.

Income tax

Income tax expense increased by £4.8 million, or 88.9%, to £10.2 million in the year ended 31 March 2021 from £5.4 million in the year ended 31 March 2020. This increase was primarily due to increased profit.

Profit for the year

As a result of the above, profit for the year increased by £15.9 million, or 106.0%, to £30.9 million in the year ended 31 March 2021 from £15.0 million in the year ended 31 March 2020.

Total comprehensive income for the year

As a result of the above, and other comprehensive income due to fair value loss on investments and currency translation differences, total comprehensive income for the year increased by £7.5 million, or 45.2%, to £24.1 million in the year ended 31 March 2021 from £16.6 million in the year ended 31 March 2020.

Results of operations for the year ended 31 March 2020 compared to the year ended 31 March 2019

Revenue

Revenue increased by £124.7 million, or 70.1%, to £302.6 million in the year ended 31 March 2020 from £177.9 million in the year ended 31 March 2019. This increase was primarily driven by an increase in total volumes of 53.9%.

Revenue from personal customers increased by £100.7 million, or 66.7%, to £251.7 million for the year ended 31 March 2020 from £151.0 million in the year ended 31 March 2019, driven by an increase in personal volume of 48.4%. Revenue from personal customers represented 83.2% of total revenue for the year ended 31 March 2020 (84.9% for the year ended 31 March 2019).

Revenue from business customers increased by £24.0 million, or 89.2%, to £50.9 million for the year ended 31 March 2020 from £26.9 million in the year ended 31 March 2019, driven by an increase in business volumes of 76.6%. Revenue from business customers

represented 16.8% of total revenue for the year ended 31 March 2020 (15.1% for the year ended 31 March 2019).

Cost of sales

Cost of sales increased by £44.9 million, or 67.5%, to £111.4 million in the year ended 31 March 2020 from £66.5 million in the year ended 31 March 2019. This increase was primarily a result of the volume and corresponding continued revenue growth in the business and the corresponding increase in the costs of the products sold.

Net credit losses on financial assets

Net credit losses on financial assets increased by £2.1 million to £3.1 million in the year ended 31 March 2020 from £1.0 million in the year ended 31 March 2019. This increase was primarily driven due to higher volumes and respective increase in financial assets.

Gross profit

Gross profit increased by £77.7 million, or 70.4%, to £188.1 million in the year ended 31 March 2020 from £110.4 million in the year ended 31 March 2019. This increase was primarily due to revenue growth and corresponding increase in cost of sales.

Administrative expenses

Administrative expenses increased by £69.3 million, or 69.6%, to £168.8 million in the year ended 31 March 2020 from £99.5 million in the year ended 31 March 2019. This increase was primarily due to the increase in our employee costs and outsourced services costs, which reflects our continued investment in our people and service to support revenue growth.

Interest income from investments and operating assets

Interest income from investment and other operating assets increased by £4.5 million to £5.4 million in the year ended 31 March 2020 from £0.9 million in the year ended 31 March 2019. This increase was primarily due to full year interest earned on our investment in listed bonds acquired in the year ended 31 March 2019.

Interest expense from operating assets

Interest expense from operating assets and other operating assets increased by £1.3 million to £1.3 million in the year ended 31 March 2020 (no expense in the year ended 31 March 2019). The increase was primarily due to the introduction of negative interest rates on euro cash balances.

Other income

Other income decreased by £0.2 million, or 50.0%, to £0.2 million in the year ended 31 March 2020 from £0.4 million in the year ended 31 March 2019. The decrease was due to lower sublease income as compared to the previous year.

Operating profit

As a result of the above, operating profit increased by £11.4 million, or 93.4%, to £23.6 million in the year ended 31 March 2020 from £12.2 million in the year ended 31 March 2019.

Finance expense

Finance expense increased by £1.1 million, or 52.4%, to £3.2 million in the year ended 31 March 2020 from £2.1 million in the year ended 31 March 2019. This increase was as a result of an increase in borrowings during the year, specifically comprising our revolving credit facility.

Profit before tax

As a result of the above, profit before income tax increased by £10.3 million, or 102.0%, to £20.4 million in the year ended 31 March 2020 from £10.1 million in the year ended 31 March 2019.

Income tax expense

Income tax expense increased by £5.6 million to £5.4 million in the year ended 31 March 2020 from an income tax credit of £0.2 million in the year ended 31 March 2019. This increase was primarily due to increased profit and a one off adjustment to taxable profit in the year ended 31 March 2019.

Profit for the year

As a result of the above, profit for the year increased by £4.7 million, or 45.6%, to £15.0 million in the year ended 31 March 2020 from £10.3 million in the year ended 31 March 2019.

Total comprehensive income for the year

As a result of the above, and other comprehensive income due to fair value gain on investments and currency translation differences, total comprehensive income for the year increased by £4.7 million, or 39.5%, to £16.6 million in the year ended 31 March 2020 from £11.9 million in the year ended 31 March 2019.

Liquidity and Capital Resources

Our primary sources of liquidity are the cash flows generated from our operations, along with our revolving credit facility and equity contributions. The primary use of this liquidity is to fund our operations.

Borrowings

The table below presents a breakdown of our interest-bearing loans and borrowings as at the dates indicated, including IFRS 16 balances.

	As at 31 March⁽¹⁾		
	2021	2020	2019
	<i>(£ millions)</i>		
Current			
Revolving credit facility	—	0.2	—
Lease liabilities	3.5	4.0	—
Total current borrowings	3.5	4.2	—

	As at 31 March⁽¹⁾		
	2021	2020	2019
	<i>(£ millions)</i>		
Non-current			
Revolving credit facility	78.6	49.0	13.9
Lease liabilities	16.6	10.6	—
Total non-current borrowings	95.2	59.6	13.9
Total borrowings	98.7	63.8	13.9

Note:

- (1) The undrawn and uncommitted amounts of the revolving credit facility (MRFA) as at 31 March 2021 were £80 million and £90 million, respectively. For more information on the MRFA, see “Additional Information—Material Contracts—Multicurrency Revolving Facilities Agreement”.

Regulatory Capital Requirements

We are subject to certain regulatory capital requirements in various countries in which we operate. We monitor each licensed entity to ensure the entity's capital is sufficiently above the local regulatory capital requirements. As at 31 March 2021, our Group eligible capital of £170.2 million, was significantly above the minimum requirements set by our regulators around the world.

Commitments and Contingent Liabilities

Commitments

Our commitments relate principally to our infrastructure subscriptions and our contracted office space capital expenditure. The table below presents a summary of our commitments as at the dates indicated.

	As at 31 March		
	2021	2020	2019
	<i>(£ millions)</i>		
Infrastructure subscription			
No later than one year	2.5	1.1	0.9
Later than one year and no later than five years.....	2.0	2.9	3.9
Total	4.5	4.0	4.8
Significant capital expenditure contracted			
No later than one year	2.1	—	—

	As at 31 March		
	2021	2020	2019
	<i>(£ millions)</i>		
Total	2.1	—	—

Contingent liabilities

We had no material contingent liabilities as at 31 March 2021.

Cash flows

The tables below present a summary of our cash flows for the periods indicated, which has been extracted without material adjustment from the historical financial information set out in Part B of “Our Historical Financial Information”.

The following table sets out our Group cash flow data, including customer cash flows, for the periods indicated.

Consolidated cash flow statement data

	As at 31 March		
	2021	2020	2019
	<i>(£ millions)</i>		
Cash flows from operating activities			
Cash flows generated from operations.....	2,076.3	1,187.8	687.0
Interest received.....	7.6	6.4	1.1
Income expense paid.....	(6.0)	(3.4)	(1.8)
Corporate income tax paid.....	(4.0)	(2.4)	(2.5)
Net cash generated from operating activities	2,073.9	1,188.4	683.8
Cash flows from investing activities			
Purchase of property, plant and equipment....	(2.3)	(3.1)	(2.3)
Payment for intangible assets.....	(20.9)	(15.0)	(11.3)
Payments for financial assets at FVOCI.....	(723.9)	(46.5)	(117.5)
Proceeds from sale and maturity of financial assets at FVOCI.....	75.3	43.7	8.1
Net cash used in investing activities	(671.8)	(20.9)	(123.0)
Cash flows from financing activities			
Proceeds from issues of shares and other equity.....	0.9	0.3	—
Proceeds from borrowings.....	118.6	101.4	33.6

	As at 31 March		
	2021	2020	2019
	<i>(£ millions)</i>		
Repayments of borrowings.....	(90.0)	(66.4)	(40.2)
Payments for lease liabilities	(4.7)	(4.1)	—
Net cash flows generated from/(used in) financing activities.....	24.8	31.2	(6.6)
Net increase in cash and cash equivalents ...	1,426.9	1,198.7	554.2
Cash and cash equivalents at beginning of year	2,077.6	856.1	301.2
Exchange gains on cash and cash equivalents.....	(145.9)	22.8	0.7
Cash and cash equivalents at end of year	3,358.6	2,077.6	856.1

Net cash generated from operating activities

Net cash generated from operating activities was £2,073.9 million, £1,188.4 million and £683.8 million in the years ended 31 March 2021, 2020 and 2019, respectively. For each period, the net cash generation was primarily due to the customer deposits in Wise accounts which have increased each year, reflective of the continued customer growth and uptake of Wise accounts.

Net cash used in investing activities

Net cash used in investing activities increased by £650.9 million to £671.8 million in the year ended 31 March 2021 from £20.9 million in the year ended 31 March 2020. This increase was primarily due to the investments in listed bonds made during the year as a result of the continued increase of customer deposits in Wise accounts. See “—Customer balances and safeguarding”.

Net cash used in investing activities decreased by £102.1 million to £20.9 million in the year ended 31 March 2020 from £123.0 million in the year ended 31 March 2019. This decrease was primarily due to a lower amount of investments made in listed bonds in the year ended 31 March 2020 than the previous year.

Net cash flows generated from/(used in) financing activities

Net cash flows generated from financing activities decreased by £6.4 million to £24.8 million in the year ended 31 March 2021 from £31.2 million generated from financing activities in the year ended 31 March 2020. This decrease was primarily due to the net drawdown of our revolving credit facility of £28.6 million in FY2021 which was lower than the £35.0 million net drawdown in FY2020.

Net cash flows generated from financing activities increased by £37.8 million to £31.2 million in the year ended 31 March 2020 from £6.6 million used in financing activities in the year ended 31 March 2019. This increase was primarily due to the £35.0 million net

draw down of our revolving credit facility in FY2020 as compared to the £6.6 million net repayment made in FY2019.

Corporate cash

The following tables set out our corporate cash position for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
	(£ millions)		
Cash flows from operating activities			
Profit for the year	30.9	15.0	10.3
Adjustments for non-cash transactions.....	76.5	50.1	15.3
Change in corporate working capital.....	38.7	(22.2)	(4.9)
Payment of income tax and interest charges	(9.7)	(2.7)	(4.2)
Net corporate cash generated from operating activities	136.4	40.2	16.5
Net corporate cash used in investing activities	(23.2)	(17.3)	(13.6)
Net corporate cash generated from/(used in) financing activities.....	24.8	31.1	(6.5)
Total increase in corporate cash.....	138.0	54.0	(3.6)
Corporate cash at beginning of year.....	155.1	97.7	100.1
Effect of exchange rate differences on corporate cash	(7.0)	3.4	1.2
Corporate cash at end of year	286.1	155.1	97.7

Our corporate cash position increased by £186.0 million over the period under review, from £100.1 million at the start of FY2019, to £286.1 million at the end of FY2021. The primary driver was our total Adjusted EBITDA of £202.4 million, which generated £168.2 million of Free Cash Flow.

As set out in “—Key operating and financial metrics”, Adjusted EBITDA primarily corresponds to our profit after tax, adding back depreciation and amortisation and share-based payment compensation expenses which are included within adjustments for non-cash transactions. Further adjustments to Adjusted EBITDA required to calculate Free Cash Flow include the change in corporate working capital (excluding collaterals), capital expenditure and payments for lease liabilities. Changes in corporate working capital due to change in collateral balances were £15.6 million, (£27.2) million and (£6.3) million in FY2021, FY2020 and FY2019, respectively. The temporary collateral balance increase in

FY2020 corresponded to the exchange rate volatility we experienced at year-end, as explained in “—*The resilience of our business model*”.

In addition to Free Cash Flow generation, other corporate cash position drivers during the period under review included the increase in borrowings and the payment of tax and interest charges.

Customer balances and safeguarding

	As at 31 March		
	2021	2020	2019
	<i>(£ millions)</i>		
Customer related assets			
Cash and cash equivalents excluding corporate cash	3,072.5	1,922.5	758.4
Financial assets at fair value through other comprehensive income	737.5	114.1	109.7
Receivables payment processors and customers	47.3	53.3	88.1
Total customer related assets	3,857.3	2,089.9	956.2
Customer related liabilities			
Wise account liabilities.....	(3,712.7)	(1,967.3)	(829.6)
Outstanding money transmission liabilities and other customer liabilities.....	(144.6)	(122.6)	(126.6)
Total customer related liabilities.....	(3,857.3)	(2,089.9)	(956.2)

We recognise a liability for funds customers deposit in their Wise accounts and funds collected from the customers for Wise Transfers that have not yet been processed. Liability is recognised upon receipt of cash or capture confirmation (depending on the pay-in method) and is derecognised when cash is delivered to the beneficiary. Principles to determine the moment of delivery are the same as applied in revenue recognition, see Note 1.13 of Part B of “*Our Historical Financial Information*”. Cash that has been paid out but has not yet been settled to the beneficiary account is reflected as cash in transit to customers.

We are subject to various regulatory safeguarding compliance requirements with respect to customer funds we hold. However, as safeguarding requirements may vary across different jurisdictions we operate, we hold customer funds in segregated, safeguarded accounts and other high quality liquid assets such as money market funds and investment grade bonds.

Capital expenditure

The table below presents a breakdown of our capital expenditure for the periods indicated.

	Year ended 31 March		
	2021	2020	2019
		(£ millions)	
Purchase of property, plant and equipment	2.3	3.1	2.3
Payments for intangible assets	20.9	15.0	11.3
Total capital expenditure	23.2	18.1	13.6

The most significant element of our capital expenditure during the period under review was the capitalisation of internal development costs as intangible assets.

Off-balance sheet arrangements

We do not use off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risks

For a description of our management of liquidity, credit and market risks, see Note 3 of Part B of "Our Historical Financial Information".

Critical Accounting Policies and Estimates

For a description of our critical accounting judgements and key sources of estimation uncertainty, see Note 1 of Part B of "Our Historical Financial Information".

OUR HISTORICAL FINANCIAL INFORMATION

This section of the Registration Document includes the historical financial information for the Group as at and for the years ended 31 March 2021, 2020 and 2019, as well as an Accountants' Report thereon prepared by PricewaterhouseCoopers LLP. This section is set out in two parts as follows:

- Part A sets out PricewaterhouseCoopers LLP's Accountants' Report on the historical financial information of the Group; and
- Part B sets out the historical financial information of the Group and includes the accounting policies and notes to the historical financial information.

Part A – Accountants’ Report on the Historical Financial Information



The Directors (the “Directors”)
TransferWise Ltd
6th floor, Tea Building
56 Shoreditch High Street
London
E1 6JJ

17 June 2021

Dear Ladies and Gentlemen

TransferWise Ltd (the “Company” and, together with its subsidiaries, the “Group”)

We report on the financial information of the Group for the years ended 31 March 2021, 2020 and 2019 set out in part B of the section entitled “*Our Historical Financial Information*” of the registration document dated 17 June 2021 (the “Registration Document”) of the Company (the “Group Financial Information Table”).

This report is required by item 18.3.1 of Annex 1 to the PR Regulation and is given for the purpose of complying with that item and for no other purpose.

Opinion on financial information

In our opinion, the Group Financial Information Table gives, for the purposes of the Registration Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows and statement of changes in equity for the years ended 31 March 2021, 2020 and 2019 and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Conclusions Relating to Going Concern

We are required to report if we have anything material to add or draw attention to in respect of the Directors’ statement in the Group Financial Information Table about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Group Financial Information Table and the Directors’ identification of any material uncertainties to the Group’s ability to continue as a going concern over a period of at least twelve months from the date of this Registration Document.

We have nothing material to add or to draw attention to.

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.



Responsibilities

The Directors of the Company are responsible for preparing the Group Financial Information Table in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

It is our responsibility to form an opinion on the Group Financial Information Table and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the PR Regulation, consenting to its inclusion in the Registration Document.

Basis of Preparation

The Group Financial Information Table has been prepared for inclusion in the Registration Document of the Company on the basis of the accounting policies set out in Note 1 to the Group Financial Information Table.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council ("FRC") in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Group Financial Information Table. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America / other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Declaration

For the purposes of item 1.2 of Annex 1 of the PR Regulation we are responsible for this report as part of the Registration Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and

that the report makes no omission likely to affect its import. This declaration is included in the Registration Document in compliance with item 1.2 of Annex 1 of the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP

Chartered Accountants

Part B – Historical Financial Information

Consolidated statement of comprehensive income

	Note	Year ended 31 March		
		2021	2020	2019
Revenue.....	4	421.0	302.6	177.9
Cost of sales.....	5	(151.7)	(111.4)	(66.5)
Net credit losses on financial assets	5	(8.8)	(3.1)	(1.0)
Gross profit		<u>260.5</u>	<u>188.1</u>	<u>110.4</u>
Administrative expenses.....	5	(217.5)	(168.8)	(99.5)
Interest income from investments and operating assets.....		1.9	5.4	0.9
Interest expense from operating assets		(3.8)	(1.3)	—
Other income.....		3.8	0.2	0.4
Operating profit		<u>44.9</u>	<u>23.6</u>	<u>12.2</u>
Finance expense.....		(3.8)	(3.2)	(2.1)
Profit before tax		<u>41.1</u>	<u>20.4</u>	<u>10.1</u>
Income tax (expense)/credit.....	7	(10.2)	(5.4)	0.2
Profit for the year		<u>30.9</u>	<u>15.0</u>	<u>10.3</u>
Other comprehensive (loss)/income:				
Items that may be reclassified to profit or loss:				
Fair value (loss)/gain on investments.....		(3.0)	1.1	1.2
Currency translation differences		(3.8)	0.5	0.4
Total other comprehensive (loss)/income		<u>(6.8)</u>	<u>1.6</u>	<u>1.6</u>
Total comprehensive income for the year		<u>24.1</u>	<u>16.6</u>	<u>11.9</u>
Earnings per share				
Basic	22	1.88	0.95	0.67
Diluted	22	1.58	0.80	0.56

Consolidated statement of financial position

	Note	As at 31 March		
		2021	2020	2019
Non-current assets				
Deferred tax assets.....	7	56.7	32.0	8.2
Property, plant and equipment.....	8	24.0	19.1	4.5
Intangible assets.....	9	27.5	21.3	20.4
Trade and other receivables.....	11	15.1	7.6	5.7
Total non-current assets		123.3	80.0	38.8
Current assets				
Current tax assets.....		1.1	2.1	0.4
Trade and other receivables.....	11	81.3	102.6	107.7
Short-term financial investments....	12	737.5	114.1	109.7
Cash and cash equivalents	13	3,358.6	2,077.6	856.1
Total current assets		4,178.5	2,296.4	1,073.9
Total assets		4,301.8	2,376.4	1,112.7
Non-current liabilities				
Deferred tax liabilities.....	7	2.0	—	0.3
Borrowings.....	15	95.2	59.6	13.9
Trade and other payables.....	14	22.6	7.4	4.7
Total non-current liabilities		119.8	67.0	18.9
Current liabilities				
Borrowings.....	15	3.5	4.2	—
Current tax liabilities	7	2.0	0.7	0.4
Trade and other payables.....	14	3,891.2	2,107.7	967.0
Total current liabilities		3,896.7	2,112.6	967.4
Total liabilities		4,016.5	2,179.6	986.3
Equity				
Share capital		—	—	—
Share capital and share premium ...		1.4	120.5	120.2
Share-based payment reserves.....		124.5	63.8	11.8
Other reserves		(0.7)	2.3	1.2
Retained earnings/(accumulated losses)		162.6	8.9	(7.6)
Currency translation differences		(2.5)	1.3	0.8
Total equity		285.3	196.8	126.4
Total liabilities and equity		4,301.8	2,376.4	1,112.7

Consolidated statement of changes in equity

	Note	Share capital	Share premium	Share-based payment reserves	Other reserves	Retained earnings/ (accumulated losses)	Currency translation differences	Total equity
At 1 April 2018		—	120.1	4.9	—	(18.0)	0.4	107.4
Profit for the year....		—	—	—	—	10.3	—	10.3
Fair value gain on investments.....	12	—	—	—	1.2	—	—	1.2
Foreign currency translation differences.....		—	—	—	—	—	0.4	0.4
Share-based employee compensation expense	18	—	—	7.0	—	—	—	7.0
Issue of share capital	17	—	0.1	(0.1)	—	0.1	—	0.1
At 31 March 2019 ...		—	120.2	11.8	1.2	(7.6)	0.8	126.4
Change in accounting policy...	1.3	—	—	—	—	0.6	—	0.6
At 1 April 2019 restated		—	120.2	11.8	1.2	(7.0)	0.8	127.0
Profit for the year....		—	—	—	—	15.0	—	15.0
Fair value gain on investments.....	12	—	—	—	1.1	—	—	1.1
Foreign currency translation differences.....		—	—	—	—	—	0.5	0.5
Share-based employee compensation expense	18	—	—	24.4	—	—	—	24.4
Deferred tax on share-based compensation.....		—	—	28.5	—	—	—	28.5
Issue of share capital	17	—	0.3	(0.9)	—	0.9	—	0.3
At 31 March 2020 ...		—	120.5	63.8	2.3	8.9	1.3	196.8

Consolidated statement of changes in equity

	Note	Share capital	Share premium	Share-based payment reserves	Other reserves	Retained earnings/ (accumulated losses)	Currency translation differences	Total equity
At 1 April 2020		—	120.5	63.8	2.3	8.9	1.3	196.8
Profit for the year....		—	—	—	—	30.9	—	30.9
Fair value loss on investments.....	12	—	—	—	(3.0)	—	—	(3.0)
Foreign currency translation differences.....		—	—	—	—	—	(3.8)	(3.8)
Share-based employee compensation expense		—	—	36.9	—	—	—	36.9
Deferred tax on share-based compensation.....	7	—	—	26.6	—	—	—	26.6
Issue of share capital	17, 18	—	0.9	(2.8)	—	2.8	—	0.9
Share capital reduction.....	17	—	(120.0)	—	—	120.0	—	—
At 31 March 2021		—	1.4	124.5	(0.7)	162.6	(2.5)	285.3

Consolidated statement of cash flows

	Note	Year ended 31 March		
		2021	2020	2019
Cash flows from operating activities				
Cash generated from operations	16	2,076.3	1,187.8	687.0
Interest received		7.6	6.4	1.1
Interest expense paid.....		(6.0)	(3.4)	(1.8)
Corporate income tax paid.....		(4.0)	(2.4)	(2.5)
Net cash generated from operating activities		2,073.9	1,188.4	683.8
Cash flows from investing activities				
Purchase of property, plant and equipment		(2.3)	(3.1)	(2.3)
Payments for intangible assets	9	(20.9)	(15.0)	(11.3)

		Year ended 31 March		
	Note	2021	2020	2019
Payments for financial assets at FVOCI.....		(723.9)	(46.5)	(117.5)
Proceeds from sale and maturity of financial assets at FVOCI		75.3	43.7	8.1
Net cash used in investing activities.....		(671.8)	(20.9)	(123.0)
Cash flows from financing activities				
Proceeds from issue of shares and other equity.....	17	0.9	0.3	—
Proceeds from borrowings.....		118.6	101.4	33.6
Repayment of borrowings		(90.0)	(66.4)	(40.2)
Payment for lease liabilities.....		(4.7)	(4.1)	—
Net cash generated from/(used in) financing activities		24.8	31.2	(6.6)
Net increase in cash and cash equivalents.....		1,426.9	1,198.7	554.2
Cash and cash equivalents at beginning of year	13	2,077.6	856.1	301.2
Exchange (losses)/gains on cash and cash equivalents.....		(145.9)	22.8	0.7
Cash and cash equivalents at end of year.....	13	3,358.6	2,077.6	856.1

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

Note 1. Summary of significant accounting policies

1.1 Basis of preparation and accounting policies

TransferWise Ltd (the “Company”) is limited by shares and is incorporated and domiciled in England. The address of its registered office is 6th Floor TEA Building, 56 Shoreditch High Street, London E1 6JJ. The principal activity of the Company and its subsidiaries (the “Group”) is provision of cross-border money transfer services. The consolidated historical financial information of the Group for the years ended 31 March 2021, 2020 and 2019 (the “Historical Financial Information”) has been prepared for the purpose of this Registration Document and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (“IFRS”). The Historical Financial Information has been prepared on a going concern basis.

This Historical Financial Information does not constitute statutory accounts within the meaning of section 434(3) of the UK Companies Act 2006.

In 2021, the Group completed a rebrand from TransferWise to Wise to reflect the development of its business beyond consumer money transfer. The rebrand did not change the Group’s product offerings.

All amounts disclosed in the Historical Financial Information and the notes have been rounded to the nearest hundred thousand (£0.1 million) and are presented in Pounds Sterling (“£”), which is the Group’s presentation currency and has been prepared under the historical cost convention, except certain financial assets measured at fair value.

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Preparation of Historical Financial Information requires critical accounting judgements and estimates which have been laid out in Note 2.

Going concern

The going concern assessment is based on the forecast for the first 12 months from the date of approval of this Historical Financial Information. For the forecast purposes, management has prepared the base case scenario and downside case scenario, which covered revenues, profitability, cash position and liquidity as well as the Group’s ability to meet its regulatory capital requirements. The Group expects that sufficient liquidity and regulatory capital requirement headroom is maintained throughout the forecast period under both scenarios.

The going concern assessment also considers the Group’s principal risks (Note 3) and is dependent on a number of factors, including but not limited to, financial performance, volume of transactions and its ability to meet financial covenants.

As the COVID-19 pandemic has had and continues to have a significant impact on the global economy and markets in which the Group operates, management has prepared

the forecasts taking into account the uncertainties around the pandemic. Since the outbreak of the pandemic in early 2020, the Group's main priority has been offering a disruption-free service to its customers, whilst maintaining the wellbeing and productivity of its employees.

Based on forecasts, available market information and management's knowledge and experience of the Group's business activities, the Group is satisfied in its ability to continue as a going concern.

1.2 Changes in accounting policy and disclosures

Adoption of New or Revised Standards and Interpretations

The following new or revised standards and interpretations became effective for the Group from 1 April 2019:

- IFRS 16, Leases. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use assets at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. The impact of the standard is disclosed in Note 1.3.
- IFRIC Interpretation 23, Uncertainty over income tax treatments. The new standard addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The impact of the standard is disclosed in Note 1.3.

The following new or revised standards and interpretations became effective for the Group from 1 April 2020:

- IFRS 3 amendments to Definition of a Business.
- IAS 1 and IAS 8 amendments to Classification of Liabilities and Definition of Material.
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform.
- Amendments to IFRS 16 Covid-19-Related Rent Concessions.

The adoption of the above standards did not have a material impact on the Group. There are no other new or revised standards or interpretations that are effective for the first time for the financial year beginning on or after 1 April 2020 that would be expected to have a material impact on the Group.

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for the period ended 31 March 2021 and have not been early adopted by the Group. None of these are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions:

- Amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract.
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use.
- AIP (2018-2020 cycle): IFRS 9 Financial Instruments – Fees in the “10 per cent” Test for Derecognition of Financial Liabilities.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2.

1.3 Changes in accounting policies

IFRS 16 Leases

As indicated in Note 1.2 above, the Group has adopted IFRS 16 Leases using the modified retrospective approach from 1 April 2019. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019, as permitted under the specific transition provisions in the standard.

On initial application, the Group recognised right-of-use assets in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 Leases. The right of use asset was set to equal lease liabilities upon transition date. The Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as at the date of initial application, i.e. as at 1 April 2019. On initial application, the weighted average of the lessee’s incremental borrowing rates which was applied to the lease liabilities was 5%.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard for leases previously classified as operating leases:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months, as at 1 April 2019, as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Measurement of lease liabilities

Operating lease commitments disclosed as at 31 March 2019.....	28.9
Lease agreements out of IFRS 16 scope.....	(4.8)
Adjustments as a result of a different treatment of extension and termination options	(4.8)
Short-term leases not recognised as a liability.....	(0.1)

Impact of the Discount Rate under IFRS 16 used at the date of initial application.....	(3.5)
Lease liability recognised as at 1 April 2019	15.7
<i>Of which are:</i>	
Current lease liabilities	3.3
Non-current lease liabilities.....	12.4

Adjustments recognised in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- right-of-use assets – increase by £15.7 million;
- lease liabilities – increase by £15.7 million; and
- provisions – decrease by £0.6 million.

The net impact on the Group’s retained earnings on 1 April 2020 was an increase of £0.6 million.

The implementation of IFRS 16 has an impact on almost all commonly used financial ratios and measures of effectiveness. This is related to the fact that the operating lease costs were replaced by depreciation costs of assets under the right of use. In addition, the financial costs include interest on discounted leasing liabilities. The application of IFRS 16 requires the Group to analyse data and make estimates and calculations that affect the measurement of lease liabilities and the valuation of assets under the right of use. It also includes of assessment whether the contract is or contains a lease in accordance with IFRS 16 and determining the lease term. The Group performs a detailed analysis of the duration of its contracts, in particular in terms of the extension options that it is entitled to in selected contracts.

Right of use assets are depreciated on a straight-line basis, while lease liabilities are subsequently measured at amortised cost using the effective interest rate.

The Group presents the payments of principal and interest on lease liabilities as part of financing cash flows.

The impact of the lease standards that first came into effect on 1 April 2019 is also disclosed in Note 1.13.

IFRIC 23 Uncertainty over Income Tax Treatments

In 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments. The interpretation clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment. The Group adopted the interpretation on 1 April 2019 and has elected to apply the limited exemption in IFRIC 23 relating to transition for classification and measurement, and accordingly has not restated comparative periods in the year of initial application.

There are no adjustments to the carrying amounts of tax liabilities recognised at the beginning of the period of adoption.

1.4 Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

1.5 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current or non-current classification. An asset is current when it satisfies any of the following criteria:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months of the reporting period;
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months of the reporting period;
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"), which is currently the Board of Directors of the Group.

The Group has determined that it has only one reportable segment under IFRS 8, which is that of “Cross-border payment services”. Refer to Note 4 for segment information.

1.7 Foreign currencies

The Group’s Historical Financial Information is presented in Pounds Sterling, which is also the Company’s functional currency. For each entity, the Group determines the functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group’s entities at their respective functional currency spot rates at the date the transaction is recognised. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or year-end exchange rates if held at fair value, and the resulting foreign exchange gains or losses are recognised in either the income statement or shareholder’s equity depending on the treatment of the gain or loss on the asset or liability.

Group companies

On consolidation, the results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) are translated into pounds as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average monthly exchange rates (unless exchange rates fluctuate significantly during the year, in which case the exchange rates at the transaction date are used); and
- all resulting exchange differences are recognised in other comprehensive income.

When any borrowings forming part of the net investment in foreign entities are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, on-demand deposits and other short-term high quality liquid investments with original maturities of three months or less, except for Money Market Funds (“MMF”). Cash that has been paid out from the Group bank account but has not been delivered to the bank account of the beneficiary is classified as cash in transit. Cash collateral deposits the Group holds with its counterparties are recognised under Trade and other receivables in the Statement of Financial Position.

Customer deposits

The Group recognises liability for customer funds they hold in their accounts (Wise Account and Wise Business) and funds collected from the customers for transfers (Wise

Transfers) that have not yet been processed. Liability is recognised upon receipt of cash or capture confirmation (depending on the pay-in method) and is derecognised when cash is delivered to the beneficiary. Principles to determine the moment of delivery are the same as applied in revenue recognition, see section 1.13 below. Cash that has been paid out but has not yet been settled to the beneficiary account is reflected as cash in transit to customers.

The Group is subject to various regulatory safeguarding compliance requirements with respect to customer funds it holds. As safeguarding requirements may vary across the different jurisdictions in which the Group operates, the Group holds customer funds in segregated, safeguarded accounts and other high quality liquid assets such as money market funds and investment grade bonds.

1.9 Financial assets

Investments and other financial assets

The Group classifies its financial assets, at initial recognition, and subsequently measures them at amortised cost, fair value through profit or loss and fair value through other comprehensive income ("FVOCI"). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flows and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how they are used in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held with the objective of collecting contractual cash flows, while financial assets classified and measured at FVOCI are held with the objective of both holding to collect contractual cash flows and selling.

The Group classifies debt securities (e.g. bonds) as FVOCI pursuant with the above policy as the contractual cash flows are solely payments of principal and interest, and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets. On disposal of these debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss.

Recognition and derecognition

Purchases and sales of financial assets are recognised on the settlement date according to the market conventions. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Cash flows in relation

to purchase or sale of these instruments are classified as investing activities in the consolidated cash flow statement.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the profit or loss when the asset is derecognised, modified or impaired.

Impairment

The Group recognises an allowance for expected credit losses (“ECL”) for trade receivables and uses a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments held at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether or not the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group’s debt instruments held at FVOCI comprised solely of quoted bonds that are graded in the top investment category Aa2 by Moody’s Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group’s policy to measure ECLs on such instruments on a 12 month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Moody’s Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Refer to Note 1.14 and 3.2 for further information on trade receivables and expected credit losses.

1.10 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Right-of-use assets are depreciated over the lease term (two to seven years). Capitalised reconstruction and internal design costs of leased office space (shown as “Leased office improvements” in

the notes to the Historical Financial Information) are depreciated over the lease term and other office equipment over two years. Computer equipment is not recorded into property, plant and equipment but expensed as low value short-lived equipment in the Group.

1.11 Intangible assets – Internally generated software development costs

The Group develops software used in provisioning of its services. Development costs that are directly attributable to the design, development and testing of the software controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software;
- there is an ability to use the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Costs associated with maintaining computer software are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised over their estimated useful lives. Intangible assets are assessed for impairment whenever there is an indicator that they might be impaired, for example when the assets are no longer in use and need to be decommissioned.

The Group amortises intangible assets over three years, except for mobile applications which are amortised over two years.

1.12 Trade and other payables

Trade payables consist of obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers on the basis of normal credit terms and do not bear interest.

Other payables, which relate to Wise accounts and Wise Transfers that have not been processed by the Group at the reporting date, are non-derivative liabilities to individuals

or business customers for money they hold with the Group and do not constitute borrowings.

Payables are initially recognised at fair value and subsequently measured at amortised cost.

1.13 Revenue recognition

The Group primarily generates revenue from Wise Transfer and Wise account, including conversions and debit card services.

The Group recognises revenue according to the principles of IFRS 15 using the five-step model:

- identify the contracts with customers;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction to the performance obligations in the contract; and
- recognise the revenue when (or as) the entity satisfies the performance obligation.

A customer enters into the contract with the Group at the time of opening a Wise account or initiating a Wise Transfer. Generally, the customer agrees to the contractual terms by formally accepting, on the Group's website, the terms and conditions of the respective service, which details the Group's performance obligations and fees.

The fees we charge customers are shown to them prior to the transaction being initiated. For international transfers, we charge a single upfront fee per transaction, consisting of a fixed and variable amount. The amount of both the fixed and the variable portion of the fee depends on a number of factors, including the currency route, the transfer size, the type of transaction being undertaken and the payment method used.

As there is typically a single performance obligation associated with each type of service provided to a customer, the revenue is recognised at the point in time the Group's performance obligation has been satisfied (e.g. upon delivery of funds to the recipient, in case of money transfers, when a customer balance is converted into a different currency or upon transaction capture for debit card services). The timing required for the Group to process the payment to the recipient and, hence, to satisfy its performance obligations largely depends on its banking partners, specifically the processing time required to deliver funds to the recipient. Therefore, the revenue is deferred until such time. In certain jurisdictions where the Group has settlement accounts with the central banks or in the case of transfers between Wise accounts or conversions, such transactions are fulfilled instantly.

Interest income and expense

Interest income from investments and interest earned on Wise accounts is recognised as interest income from investments and operating assets using the effective interest rate method. Our investments are classified as financial assets at fair value through other

comprehensive income, whilst Wise accounts holding customer funds are financial assets measured at amortised cost.

Interest expense incurred on Wise accounts primarily relate to negative interest rates on euro denominated balances.

1.14 Trade and other receivables

Trade receivables primarily consist of amounts due from payment processors and collateral deposits the Group holds with its counterparts. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less impairment for expected credit losses. The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognised from the initial recognition of the receivables.

Refer to Note 1.9 for further information on expected credit losses.

1.15 Leases

A lease is a contract or part of a contract that conveys to the lessee the right to control the use of an identifiable asset for a period of time in exchange for consideration.

The Group as the lessee

Accounting policies from 1 April 2019

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Payments made under short-term leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. The Group determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. A lessee reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee; and affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

Initial measurement

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;

- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are recorded within “Property, plant and equipment” in the statement of financial position.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee’s incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate (such as SONIA) or payments that vary to reflect changes in market rental rates;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent measurement

After the commencement date, a lessee measures the right-of-use asset estimated by applying a cost model. To apply a cost model, a lessee measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

Right-of-use assets are generally depreciated over the shorter of the asset’s estimated useful life and the lease term on a straight-line basis. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

If there are changes in lease payments, there may be a need to re-measure the lease liability. A lessee shall recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss.

The Group has elected not to apply the requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT and office equipment.

Accounting policies until 31 March 2019

For the year ended 31 March 2019 the rentals paid were charged to the profit or loss on a straight-line basis over the period of the lease under the operating expenses.

1.16 Cost of sales

Cost of sales comprises the costs that are directly associated with the Group's principal revenue stream of money transfer services. This includes:

- bank and partner fees incurred in processing incoming and outgoing transfers; and
- net foreign exchange costs generated due to customer transactions and costs related to the difference between the published mid-market rate offered to customers and the rate obtained by the Group in acquiring currency as required as well as product losses that are directly generated from consumer transactions, including chargeback losses.

1.17 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group Historical Financial Information. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are recognised for share options vested but not exercised at the balance sheet date. They are determined as at the balance sheet date based on the most recent valuation of share options. The impact of recognition is split between income tax expense and the share-based payment reserve in equity. Refer to Note 7.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

1.18 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Long-term obligation

Employee entitlements to long term leave is recognised as a liability using probability of staff departures and leave utilisation.

Share-based payments

The Parent Company operates a scheme under which the Group receives services from employees as consideration for equity instruments (options) of the Parent Company. The fair value of the employee services received in exchange for the grant of the options and awards is recognised in employee benefit expense together with a corresponding increase in equity (share-based payment reserves), over the period in which the service and the performance conditions are fulfilled (the vesting period).

The total amount to be expensed is determined by reference to the fair value of the options granted. Non-market vesting conditions are included in assumptions of the number of options and awards that are expected to vest.

The total amount of the grant expense is recognised over the vesting period. At each reporting date, the entity revises its estimates of the number of options and awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to the share-based payment reserves. Upon exercises of share options, the impact is recognised in retained earnings.

Refer to Note 2.4 for significant accounting estimates for employee share-based payments.

1.19 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to the owners of the Group; and
- the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

1.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred and treated as a transaction cost when the draw-down occurs. The Group presents interest payments, including the impact of transaction costs, as part of financial cash flows.

Note 2. Significant accounting judgements, estimates and assumptions

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Historical Financial Information:

2.1 Customer balances

The Group recognises financial assets and liabilities for the customer cash balances it holds on Wise accounts and as part of the Wise Transfer settlement process as it becomes party to a contract and has the right and ability to control the economic benefit from the cash flows associated with these financial assets. Additionally, pursuant to IAS 32, it does not have a legally enforceable right to set off the amounts, or an intention to settle them on a net basis or settle them simultaneously.

2.2 Deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

2.3 Net gains and losses from foreign exchange differences

The Group classifies net foreign exchange gains and losses from customer transactions, including the costs related to the difference between the published mid-market rate offered to customers and the rate obtained by the Group in acquiring currency as required, as cost of sales. The Group considers these costs as directly related to and incurred as part of providing services to the customers. The total of such net foreign exchange differences recognised in the cost of sales for the year ended 31 March 2021 is £18.3 million (FY2020: £12.3 million; FY2019: £6.3 million).

2.4 Intangible assets — capitalisation

The Group capitalises internally generated software costs, including direct development costs related to employee benefit expenses. Initial capitalisation of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Historical Financial Information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2.5 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The cost of share options is determined by the fair value at the date when the grant is made using the Black Scholes model. Further details on the assumptions are disclosed in Note 18.

If the average share price was higher or lower by 5%, the annual share-based payment compensation expense would be higher or lower by up to £0.8 million.

Additionally, the Group uses the most recent valuation to the balance sheet date in determining the deferred tax asset for the share options vested but not exercised. Refer to Note 7.

2.6 Specific provision for expected credit losses

The Group may recognise specific provisions for individually material financial assets for which credit quality deteriorates significantly. The Group takes into account specific facts and circumstances that might indicate impairment, such as litigation risk, credit rating and financial results of the counterpart. The Group also uses the weighted probability method to assess the recoverability of the amounts. The Group monitors subsequent changes in the assumptions and estimates on a regular basis. The Group recognised a specific provision of £6.7 million in the period ended 31 March 2021 (FY2020: £0; FY2019: £0). For more information, refer to Note 5.

Note 3. Financial risk and capital management

This note further explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add context.

In the course of its business, the Group is exposed to the main financial risks: liquidity, credit, and market risk. The Group's financial risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Liquidity risk

The Group monitors its risk of shortage of funds using cash flow forecasting. Management monitors rolling forecasts of the Group's liquidity requirements to make sure it has sufficient cash to meet operational needs. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its revolving credit facility, share capital and lease contracts. The Group's approach to managing liquidity risk is to make sure, as far as possible, that it always has enough liquidity to meet its liabilities when due, under both normal and stressed scenarios, without incurring unacceptable losses or risking damage to the Group's position.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient source of funding and does not currently have debt maturing within 12 months.

The breakdowns of trade payables and borrowings into current and non-current are shown in Notes 14 and 15. See also Note 3.5 for the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

3.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk is managed at Group level and comes mainly from the Group's cash and cash equivalents held in banks and investments in bonds. If a bank or other financial institution has no independent credit rating, the Group evaluates its credit quality by analysing its financial position, past experience, and other factors.

The Group's maximum exposure to credit risk by class of financial asset is as follows:

	As at 31 March		
	2021	2020	2019
Assets category			
Cash and cash equivalents.....	3,358.6	2,077.6	856.1
Short-term financial investments.....	737.5	114.1	109.7
Trade and other receivables.....	76.3	104.7	104.3
Assets subject to credit risk total	4,172.4	2,296.4	1,070.1

Due to the short duration of the cash and cash equivalents (less than three months) the fair value approximates the carrying value at each reporting period. Credit risk is mitigated as cash and cash equivalents are held with reputable institutions.

The Group's financial assets breakdown by credit rating of institution is as follows:

	As at 31 March		
	2021	2020	2019
Credit rating (Moody's)			
Cash and cash equivalents			
Aa	2,316.9	1,285.9	539.3
A.....	710.6	364.6	220.1
Baa, Ba, B	73.3	315.6	21.6
Caa.....	—	0.6	0.8
No rating ⁽¹⁾	99.8	23.6	13.0
Cash in transit	158.0	87.3	61.3
Cash and cash equivalents total	3,358.6	2,077.6	856.1
Short-term financial investments			
Aa	737.5	114.1	109.7
Financial assets at fair value through other comprehensive income	737.5	114.1	109.7
Trade and other receivables			
Aa	14.7	19.6	14.6
A.....	1.0	20.0	11.1
Baa, Ba, B	15.4	15.5	4.7
No rating ⁽¹⁾	45.2	46.9	77.7
Trade and other receivables total	76.3	104.7	108.1

Note:

- (1) “No rating” includes payment providers and banks with no public credit rating. Before deciding to onboard third parties, the Group undertakes due diligence measures to assess and mitigate potential risks.

Before deciding to onboard third parties, the Group undertakes due diligence measures to assess and mitigate potential risks.

3.3 Market risk

Cash flow and fair value interest rate risk

Interest rate risk is the risk that cash flows will fluctuate in the future due to changes in market interest rates.

The Group is exposed to interest rate risk from floating interest rate borrowings (Note 15) and manages the potential that financial expenses increase when interest rates increase. Sensitivity analysis is used to assess the interest rate risk.

In a stressed scenario a change of 10 basis points in the interest rates of interest-bearing liabilities at the reporting date would have changed profit and equity by £0.1 million.

The Group is also exposed to interest rate risk from fixed rate, predominantly, customer liabilities funded by floating rate assets. This risk is deemed negligible for the Group, due to the business model as interest rate changes can be passed on to the customer in due course.

Foreign exchange risk

The Group is exposed to foreign exchange rate movement from holding assets and liabilities in different currencies and guaranteeing customers a foreign exchange rate on their international transfers for a limited period of time. We actively monitor foreign exchange risk, and our exposures are managed through a combination of natural hedging and treasury products hedging. There were no material open treasury positions as the reporting date.

The table below presents the Group’s net position (difference between financial assets and liabilities) across its main currencies and the Group’s exposure to foreign exchange risk at the end of each reporting period.

The Group’s exposure to foreign exchange risk by currency is as follows:

	As at 31 March		
Net exposure by currency	2021	2020	2019
PHP	14.2	1.0	(0.3)
INR.....	13.7	4.5	(1.2)
BRL.....	3.7	(0.1)	(0.3)
AUD.....	4.7	10.4	2.8

Net exposure by currency	As at 31 March		
	2021	2020	2019
NZD.....	4.5	(1.0)	(0.3)
EUR.....	(21.9)	8.1	11.9
CHF.....	(8.9)	3.8	(3.5)
USD.....	(9.8)	10.6	0.6
IDR.....	(3.5)	(1.9)	(0.1)
Other financial assets.....	7.5	17.6	19.6
Other financial liabilities.....	(13.1)	(3.6)	(2.5)

The Group's sensitivity to foreign exchange fluctuations by currency is as follows:

Sensitivity to 5% exchange rate change	As at 31 March		
	2021	2020	2019
PHP.....	0.7	0.1	—
INR.....	0.7	0.2	(0.1)
BRL.....	0.2	—	—
NZD.....	0.2	(0.1)	—
AUD.....	0.2	0.5	0.1
EUR.....	(1.1)	0.4	0.6
CHF.....	(0.4)	0.2	(0.2)
USD.....	(0.5)	0.5	—
IDR.....	(0.2)	(0.1)	—
Other financial assets.....	0.4	0.9	1.0
Other financial liabilities.....	(0.7)	(0.2)	(0.1)

3.4 Capital management

The Group's capital comprises ordinary share capital, share premium, reserves and retained earnings.

The Group's objectives when managing capital are to:

- safeguard the Group's ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders;
- maintain optimal capital structure to reduce the cost of capital; and
- adhere to regulatory requirements in each jurisdiction.

3.5 Carrying Amounts and Fair Values of Financial Instruments

The Group's financial assets mainly consist of cash, short-term trade and other receivables and listed bonds. Its financial liabilities include trade liabilities and obligations towards financial institutions. All purchases and sales of financial assets are recognised on the settlement date according to market conventions.

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at FVOCI comprise investments into highly liquid bonds with the objective of both collecting contractual cash flows and selling financial assets.

Financial assets and liabilities by measurement basis:

	As at 31 March		
	2021	2020	2019
Financial assets at amortised cost			
Non-current receivables.....	1.0	6.0	1.8
Current trade and other receivables.....	76.3	96.2	102.8
Cash and cash equivalents.....	3,358.6	2,077.6	856.1
Financial assets at amortised cost total.....	3,435.9	2,179.8	960.7
Financial liabilities at amortised cost			
Non-current lease liabilities.....	(16.6)	(10.6)	—
Non-current borrowings.....	(78.6)	(49.0)	(13.9)
Non-current trade and other payables.....	—	(5.8)	(0.8)
Current lease liabilities.....	(3.5)	(4.0)	—
Current borrowings.....	—	(0.2)	—
Current trade and other payables.....	(3,859.3)	(2,108.4)	(967.4)
Financial liabilities at amortised cost total ...	(3,958.0)	(2,178.0)	(982.1)
Financial assets at FVOCI			
Short-term financial investments.....	737.5	114.1	109.7
Financial assets at FVOCI total.....	737.5	114.1	109.7

Fair value hierarchy

The Group estimates that the fair values of assets and liabilities reported at amortised cost in the statement of financial position as at 31 March 2021, 2020 and 2019 do not

materially differ from the carrying amounts reported in the Historical Financial Information.

The carrying amount of current accounts receivable and payable less impairments approximates their fair value.

IFRS 13 has sought to make measurements at fair value more consistent and comparable by categorising fair value according to the hierarchy of the inputs used to measure them. These are categorised from Level 1 to Level 3 as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities which the Group can access at the date of measurement.
- Level 2 – Inputs other than quoted market prices included in Level 1 that are observable either directly or indirectly.
- Level 3 – Inputs that are not based on observable market data.

The following table presents the Group's assets and liabilities that are measured at fair value by the level in the fair value hierarchy:

Group	As at 31 March		
	2021	2020	2019
Measurement Level 1			
Financial assets			
Short-term financial investments.....	737.5	114.1	109.7
Level 1 financial assets total	737.5	114.1	109.7

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current close price at the balance sheet date.

Financial instruments in level 2 and 3

At the end of the reporting period the Group had no financial instruments carried at fair value.

Contractual maturity of financial liabilities based on undiscounted cash flows:

	As at 31 March		
	2021	2020	2019
Less than 1 year			
Current lease liabilities	(4.4)	(4.6)	—

	As at 31 March		
	2021	2020	2019
Current borrowings	2.4	(2.2)	(1.1)
Current trade and other payables	(3,859.3)	(2,108.4)	(958.3)
Financial liabilities total	(3,866.1)	(2,115.2)	(959.4)
Between 1 and 5 years			
Non-current lease liabilities	(18.3)	(11.1)	—
Non-current borrowings.....	(84.8)	(50.9)	(16.5)
Non-current trade and other payables	—	5.8	—
Financial liabilities total	(98.3)	(61.1)	(13.9)

Note 4. Segmental information

Description of segment

The information regularly reported to the Board of Directors, who are considered to be the CODM, for the purposes of resource allocation and the assessment of performance, is based wholly on the overall activities of the Group. Based on the Group's business model the Group has determined that it has only one reportable segment under IFRS 8, which is "Cross-border payment services provider". The Group's revenue, assets and liabilities for this one reportable segment can be determined by reference to the Statement of Comprehensive Income and Statement of Financial Position. The analysis of revenue by type of customers and geographical regions is set out in the note below.

The Group determines revenue across the following geographical regions, based on the customer address:

	Year ended 31 March		
	2021	2020	2019
Revenue by geographical region:			
Europe.....	136.3	94.5	49.7
United Kingdom.....	95.8	72.7	51.0
Asia-Pacific.....	89.2	47.4	24.4
North America	73.0	62.9	39.0
Rest of the world	26.7	25.1	13.8
Total	421.0	302.6	177.9

There were no customers individually contributing more than 10% to the total revenue.

	Year ended 31 March		
	2021	2020	2019
Revenue by customer type:			
Personal.....	341.3	251.7	151.0
Business.....	79.7	50.9	26.9
Total.....	421.0	302.6	177.9

At the end of each period the majority of the non-current assets were carried by TransferWise Ltd in the UK. Based on the location of the non-current asset the following geographical breakdown of non-current assets is presented:

	Year ended 31 March		
	2021	2020	2019
Non-current assets by geographical region:			
United Kingdom.....	99.4	60.8	34.8
Rest of the world.....	23.9	19.2	4.0
Total non-current assets.....	123.3	80.0	38.8

Note 5. Cost of sales and administrative expenses

Breakdown of expenses by nature

Cost of sales

	Year ended 31 March		
	2021	2020	2019
Bank and partner fees.....	117.8	84.2	52.2
Net foreign exchange and other product costs.....	33.9	27.2	14.3
Total cost of sales.....	151.7	111.4	66.5

Net credit losses on financial assets

	Year ended 31 March		
	2021	2020	2019
Amounts charged to credit losses on financial assets.....	8.8	3.1	1.0
Total net credit losses.....	8.8	3.1	1.0

Expected credit losses are presented as net credit losses within gross profit operating profit and subsequent recoveries of amounts previously written off are credited against the same line item.

During the year ended 31 March 2021, the Group recorded a £6.7 million specific provision relating to all of its funds being improperly withheld by a Brazilian financial institution, MS Bank S.A. Banco de Câmbio and all of the accounts receivable from the same party. The Group has filed a lawsuit pending service of process in the High Court of Justice, Business and Property Courts of England and Wales, Commercial Court for the return of these funds.

Administrative expenses	Year ended 31 March		
	2021	2020	2019
Employee benefit expense.....	141.6	102.7	58.5
Outsourced services and other administrative costs.....	73.7	60.2	46.0
Depreciation and amortisation	21.7	20.6	6.3
Less: Capitalisation of staff costs.....	(19.5)	(14.7)	(11.3)
Total administrative expenses	217.5	168.8	99.5

During the year the Group (including its overseas subsidiaries) obtained the following services from the company's auditors:

	Year ended 31 March		
	2021	2020	2019
Audit fees			
Fees payable to the company's auditors and its associates for the audit of Company and Consolidated Financial Statements.....	0.9	0.4	0.2
Audit of the financial statements of the company's subsidiaries.....	0.2	0.1	0.1
Total audit fees.....	1.1	0.5	0.3
Assurance-related fees			
Other assurance services.....	0.3	0.2	0.3
Total assurance-related fees	0.3	0.2	0.3
Non-audit fees			
Reporting accountant fees.....	1.0	—	—
Total non-audit fees	1.0	—	—

Note 6. Employee benefit expense

	Year ended 31 March		
	2021	2020	2019
Salaries and wages.....	86.4	64.1	41.8
Share-based payment compensation expense ⁽¹⁾	38.1	24.0	7.0
Social security costs.....	14.0	11.3	7.6
Pension costs.....	1.9	1.4	0.4
Other employment taxes and insurance cost .	1.2	1.9	1.7
Total employee benefit expense.....	141.6	102.7	58.5

Note:

(1) Refer to Note 18 for details on share options granted to employees.

The average number of employees (including directors) during the year ended 31 March 2021 was 2,243 (FY2020: 1,881 employees; FY2019: 1,334 employees).

Remuneration of the key management personnel is disclosed in Note 21.

Note 7. Income tax expense

Income tax expense

	Year ended 31 March		
	2021	2020	2019
Current income tax for the year			
UK corporation tax.....	6.2	6.3	0.1
Foreign corporation tax.....	4.9	1.8	2.0
Adjustment in respect of prior years.....	(1.3)	(1.2)	—
Total current tax expense.....	9.8	6.9	2.1
Deferred income tax for the year			
(Increase)/decrease in deferred tax assets.....	0.6	(5.0)	0.3
Increase in deferred tax liabilities.....	0.7	2.5	0.4
Adjustment in respect of prior years.....	(0.9)	1.0	(3.0)
Total deferred tax expense/(benefit) for the year	0.4	(1.5)	(2.3)

	Year ended 31 March		
	2021	2020	2019
Total income tax expense/(credit) for the year	10.2	5.4	(0.2)

Factors affecting income tax expense for the year

	Year ended 31 March		
	2021	2020	2019
Profit on ordinary activities before taxation.....	41.1	20.4	10.1
Profit on ordinary activities multiplied by the UK tax rate of 19%	7.8	3.9	1.9
Adjustments for current and deferred tax of prior periods.....	(2.2)	(0.2)	(3.0)
Effect of expenses not deductible.....	0.5	1.3	0.8
Movements in tax provision.....	2.8	1.5	—
Deferred tax on branch profits	0.8	1.3	—
Employee option plan	0.5	0.5	(0.6)
Difference in overseas tax rates.....	0.2	—	0.2
Deferred tax impact or rate change.....	—	(1.1)	—
Other	(0.2)	(1.8)	0.5
Total income tax expense/(credit)	10.2	5.4	(0.2)

During the Chancellor's Budget on 3 March 2021, a UK corporation tax rate increase from 19% to 25%, effective from 1 April 2023, was announced. As this rate change was not substantively enacted as at 31 March 2021, deferred tax assets and liabilities within this Historical Financial Information continue to be measured at 19%, the substantively enacted rate at which they are expected to reverse. If this rate change had been effective from the balance sheet date, the overall effect of the change would be to increase deferred tax by approximately £16.2 million and increase the income tax expense for the year by £3.9 million.

Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity.

	Year ended 31 March		
	2021	2020	2019
Current tax – deduction for exercised options.	6.4	5.9	—
Deferred tax: recognition of deferred tax asset on share-based payments	20.2	22.6	—
Total amount recognised directly in equity.....	26.6	28.5	—

The deferred tax asset in relation to share-based payments is recognised based on the accounting value per share closest to the balance sheet date which was 17 March 2021 and 31 December 2019 in years ended 31 March 2021 and 31 March 2020, respectively.

Movement in deferred tax balances

	Year ended 31 March		
	2021	2020	2019
Opening deferred tax asset	32.0	8.2	5.6
Share options outstanding.....	26.3	26.6	—
Utilisation of tax losses in foreign subsidiaries	0.1	(2.1)	0.1
Utilisation of tax losses in parent company.....	(2.5)	(1.3)	0.9
Other short-term temporary differences.....	0.8	0.6	1.6
Closing deferred tax asset	56.7	32.0	8.2

The balance comprises temporary differences attributable to:

	Year ended 31 March		
	2021	2020	2019
Property, plant and equipment (capital allowances)	—	—	0.1
Utilisation of tax losses in parent company.....	2.2	4.7	5.4
Utilisation of tax losses in foreign subsidiaries	0.2	0.1	0.1
Share options outstanding.....	54.9	28.9	2.2
Other short-term temporary differences.....	1.9	1.0	0.7
IFRS 16 initial adoption impact	—	1.9	—
Total deferred tax assets	59.2	36.6	8.5
Set-off of deferred tax liabilities pursuant to set-off provisions.....	(2.5)	(4.6)	(0.3)
Net deferred tax assets	56.7	32.0	8.2

Movement in deferred tax liability:

	Year ended 31 March		
	2021	2020	2019
Opening deferred tax liability	—	0.3	—
Other short-term temporary differences.....	2.0	(0.3)	(0.3)
Closing deferred tax liability	2.0	—	(0.3)

The balance comprises temporary differences attributable to:

	Year ended 31 March		
	2021	2020	2019
Unrealised gains/losses.....	—	—	(0.3)
Deferred tax on branch profits	2.0	1.3	—
Prepaid expenses.....	—	0.1	—
Property, plant and equipment (capital allowances)	2.5	1.5	(0.3)
IFRS16 initial adoption impact.....	—	1.7	—
Total deferred tax liabilities	4.5	4.6	(0.6)
Set-off of deferred tax asset pursuant to set-off provisions.....	(2.5)	(4.6)	0.3
Net deferred tax liabilities	2.0	—	(0.3)

The Group considers it probable that there will be sufficient taxable profits in the future to realise the deferred tax asset. Consequently, the asset has been recognised in full as at 31 March 2021, 2020 and 2019.

Note 8. Property, plant and equipment

	Right-of-use assets	Leased office improvements	Office equipment	Assets under construction	Total
At 1 April 2018					
Cost.....	—	3.5	1.9	—	5.4
Accumulated depreciation	—	(1.0)	(0.9)	—	(1.9)
Net book value	—	2.5	1.0	—	3.5
Additions	—	0.5	0.7	1.1	2.3
Depreciation charge	—	(0.9)	(0.3)	—	(1.2)
Foreign currency translation differences.....	—	—	(0.1)	—	(0.1)
At 31 March 2019					
Cost.....	—	3.8	2.6	1.1	7.5

	Right-of-use assets	Leased office improvements	Office equipment	Assets under construction	Total
Accumulated depreciation	—	(1.7)	(1.3)	—	(3.0)
Net book value	—	2.1	1.3	1.1	4.5
Opening balance adjustment....	15.7	—	—	—	15.7
Additions	1.8	1.9	1.8	—	5.5
Reclassifications	—	0.8	0.2	(1.0)	—
Depreciation charge	(4.0)	(1.7)	(0.8)	—	(6.5)
Write-offs.....	—	—	(0.1)	—	(0.1)
At 31 March 2020					
Cost.....	17.5	6.5	4.6	0.1	28.7
Accumulated depreciation	(4.0)	(3.4)	(2.2)	—	(9.6)
Net book value	13.5	3.1	2.4	0.1	19.1
Additions	10.2	1.7	0.5	0.4	12.8
Reclassifications	—	—	0.1	(0.1)	—
Depreciation charge	(4.4)	(1.8)	(0.8)	—	(7.0)
Foreign currency translation.....	(0.6)	(0.1)	(0.2)	—	(0.9)
At 31 March 2021					
Cost.....	26.4	7.5	4.0	0.4	38.3
Accumulated depreciation	(7.7)	(4.6)	(2.0)	—	(14.3)
Net book value	18.7	2.9	2.0	0.4	24.0

Refer to Note 15 for disclosure of security.

Note 9. Intangible assets

	Software	Other	Total
At 1 April 2018			
Cost	18.9	—	18.9
Accumulated amortisation	(4.9)	—	(4.9)
Net book value	14.0	—	14.0
Additions.....	11.3	—	11.3
Amortisation charge.....	(5.0)	—	(5.0)
Foreign currency translation differences	0.1	—	0.1
At 31 March 2019			
Cost	30.2	—	30.2
Accumulated amortisation	(9.8)	—	(9.8)
Net book value	20.4	—	20.4

	Software	Other	Total
Additions.....	15.4	—	15.4
Amortisation charge.....	(14.1)	—	(14.1)
Write-offs.....	(0.4)	—	(0.4)
At 31 March 2020			
Cost	45.6	—	45.6
Accumulated amortisation	(24.3)	—	(24.3)
Net book value	21.3	—	21.3
Additions.....	19.3	1.6	20.9
Amortisation charge.....	(14.5)	(0.2)	(14.7)
Write-offs.....	—	—	—
At 31 March 2021			
Cost	41.0	1.6	42.6
Accumulated amortisation	(14.9)	(0.2)	(15.1)
Net book value	26.1	1.4	27.5

Software represents the development costs which is an internally generated intangible asset. Other intangible assets mainly comprise domain purchases.

In addition to capitalised amounts, the Group expensed £49.8 millions of product engineering costs for the year ended 31 March 2021 (FY2020: £35.8 million; FY2019: £22.4 million). These costs directly relate to the development of our product offerings and primarily comprise employee costs of our engineering and product teams.

Note 10. Subsidiaries

A full list of all of the Group's subsidiaries as at 31 March 2021 is detailed below:

Name	Nature of business	Effective holding	Country	Registered address
TransferWise Inc.	Online currency exchange service	100% of ordinary shares	USA	108 West 13th Street, Wilmington, New Castel Delaware 19801, USA
TransferWise Japan Kabushiki Gaisha	Online currency exchange service	100% of ordinary shares	Japan	1-6-1, Otemachi, Chiyoda-ku, Tokyo, Japan 100-0004
TransferWise Canada Inc	Online currency exchange service	100% of ordinary shares	Canada	99 Bank Street, Suite 1420, Ottawa, ON K1P 1H4, Canada

Name	Nature of business	Effective holding	Country	Registered address
TransferWise Singapore PTE Ltd	Online currency exchange service	100% of ordinary shares	Singapore	1 Paya Lebar Link #13-06 - #13-08, PLQ 2, Paya Lebar Quarter Singapore 408533
TransferWise Brasil Correspondente Cambial Ltda.	Online currency exchange service	100% of ordinary shares	Brazil	Avenida Paulista, nº 2537, 10º floor, Bela Vista, São Paulo, 01310-100, Brasil
TransferWise Malaysia Sdn. Bhd.	Online currency exchange service	100% of ordinary shares	Malaysia	Level 19-1, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara 50490 Kuala Lumpur
Wise Australia Pty Ltd	Online currency exchange service	100% of ordinary shares	Australia	Gadens Lawyers Level 20, MLC Centre, 19 Martin Place, Sydney, NSW, Australia 2000
TransferWise Europe S.A.	Online currency exchange service	100% of ordinary shares	Belgium	Avenue Louise 54, room S52, 1050 Brussels, Belgium
PT TransferWise International Indonesia	Inactive	100% of ordinary shares	Indonesia	Jl. Mimosa Blok D 2 No. 22, RT 015/RW 008, Kel. Sunter Jaya, Kec. Tanjung Priok, Jakarta Utara
TransferWise SpA	Inactive	100% of ordinary shares	Chile	Los Militares 5001, oficina 1101, Las Condes
TINV Ltd.	Inactive	100% of ordinary shares	UK	6th Floor, Tea Building, 56 Shoreditch High Street, London, England, E1 6JJ
TransferWise Mexico, S.A. de C.V.	Inactive	100% of ordinary shares	Mexico	Montecito 38, piso 37 oficina 30, Colonia Narvarte, WTC Mexico, Ciudad de México, C.P. 03810
TransferWise Brasil Corretora de Câmbio Ltda	Inactive	100% of ordinary shares	Brazil	Avenida Paulista 2537, ANDAR 10 CONJ 102, Bela Vista, Sao Paolo

Name	Nature of business	Effective holding	Country	Registered address
Wise Nuqud LTD	Online currency exchange service	100% of ordinary shares	United Arab Emirates	Unit 3525, L35 Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, UAE
TransferWise Hong Kong Limited	Online currency exchange service	100% of ordinary shares	Hong Kong	46/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
TransferWise Switzerland AG	Inactive	100% of ordinary shares	Switzerland	Oberneuhofstrasse 6, 6340 Baar, Switzerland
TransferWise Borderless Limited	Inactive	100% of ordinary shares	Israel	7 Ribal Tel Aviv – Jaffa 6777840 Israel
TransferWise India Private Limited	Inactive	100% of ordinary shares	India	506, Midas Chambers Co-op. Premises Soc. Ltd. Off, Link Road, Near Fun Republic Multiplex, Andheri (W), Mumbai - 400053, Maharashtra, India
Wise Brasil Pagamentos LTDA	Inactive	100% of ordinary shares	Brazil	Avenida Paulista 2537, ANDAR 10 CONJ 102, Bela Vista, São Paulo
Wise China Ltd	Inactive	100% of ordinary shares	China	Room 150, 4th Floor, Fuhui Building C, No. 16 Qixia Road, Pudong New Area, Shanghai, China, 200120

Note 11. Trade and other receivables

	As at 31 March		
	2021	2020	2019
Non-current trade and other receivables			
Office lease deposits.....	1.0	1.9	1.6
Other non-current receivables.....	14.1	5.7	4.1
Total non-current trade and other receivables.....	15.1	7.6	5.7
Current trade and other receivables			
Receivables from payment processors	44.3	52.1	87.9

	As at 31 March		
	2021	2020	2019
Collateral deposits.....	26.0	42.9	14.7
Prepayments.....	6.0	6.4	4.9
Other receivables ⁽¹⁾	5.0	1.2	0.2
Total current trade and other receivables	81.3	102.6	107.7

Note:

(1) Net of ECL provision of £14.2 million as at 31 March 2021 (2020: £6.1 million; 2019: £1.0 million).

Note 12. Financial assets at fair value through other comprehensive income

Short-term financial investments are recognised as debt investments at FVOCI and comprise the following investments in listed bonds:

	As at 31 March		
	2021	2020	2019
Current assets			
Listed bonds.....	737.5	114.1	109.7
Total short-term financial investments	737.5	114.1	109.7

During the year, the following gains were recognised in other comprehensive income:

	Year ended 31 March		
	2021	2020	2019
Debt investments at FVOCI			
Fair value (losses)/gains recognised in other comprehensive income.....	(3.0)	1.1	1.2
Total fair value (losses)/gains recognised in other comprehensive income	(3.0)	1.1	1.2

Note 13. Cash and cash equivalents

	As at 31 March		
	2021	2020	2019
Cash and cash equivalents			
Cash at bank and in hand.....	2,968.6	1,933.2	794.9

	As at 31 March		
	2021	2020	2019
Cash in transit between Group bank accounts ⁽¹⁾	49.4	20.5	26.2
Cash in transit to customers ⁽²⁾	108.6	66.8	35.0
Money market fund.....	232.0	57.1	—
Total cash and cash equivalents.....	3,358.6	2,077.6	856.1

Notes:

- (1) Cash in transit between Group banks accounts represents liquidity movements in the process of interbank clearing.
- (2) Cash in transit to customers represents cash that has been paid out from the Group bank accounts but has not been delivered to the bank account of the beneficiary.

Of the £3,358.6 million (2020: £2,077.6 million; 2019: £856.1 million) cash and cash equivalents at the financial year ended 31 March 2021, £286.1 million (2020: £155.1 million; 2019: £97.7 million) is considered corporate cash balance not related to customer funds which are held on Wise accounts or collected from customers for Wise Transfers. Refer to Note 16 for further details.

All customer funds are restricted with respect to their use (only for the purpose of customer transactions) and are subject to various regulatory safeguarding compliance requirements. Such requirements may vary across the different jurisdictions in which the Group operates.

At 31 March 2021, in addition to other highly liquid assets such as money market funds and investment grade bonds, the Group was holding £2,472.9 million (2020: £1,599.1 million; 2019: £659.1 million) worth of cash at bank in segregated, safeguarded bank accounts to secure customer deposits.

Note 14. Trade and other payables

	As at 31 March		
	2021	2020	2019
Non-current trade and other payables			
Non-current accrual and provision	22.6	7.4	4.7
Total non-current trade and other payables	22.6	7.4	4.7
Current trade and other payables			
Outstanding money transmission liabilities ⁽¹⁾ ..	141.2	118.0	122.4
Wise accounts.....	3,712.7	1,967.3	829.6

	As at 31 March		
	2021	2020	2019
Accounts payable.....	3.1	5.5	3.0
Accrued expenses.....	23.1	11.0	6.7
Deferred revenue	3.2	1.0	0.9
Other payables.....	7.9	4.9	4.4
Total current trade and other payables	3,891.2	2,107.7	967.0

Note:

- (1) Money transmission liabilities represents transfers that have not yet been paid out or delivered to a recipient.

Note 15. Borrowings

	As at 31 March		
	2021	2020	2019
Current:			
Revolving credit facility	—	0.2	—
Lease liabilities.....	3.5	4.0	—
Total current borrowings.....	3.5	4.2	—
Non-current:			
Revolving credit facility	78.6	49.0	13.9
Lease liabilities.....	16.6	10.6	—
Total non-current borrowings	95.2	59.6	13.9
Total borrowings	98.7	63.8	13.9

The undrawn amount of the revolving credit facility as at 31 March 2021 was £80.0 million (2020: £25.0 million; 2019: £50 million).

Debt movement reconciliation:

	Revolving credit facility	Lease liabilities	Total
As at 31 March 2018.....	20.2	—	20.2
Cash flows:			
Proceeds	13.6	—	13.6
Repayments.....	(20.2)	—	(20.2)

	Revolving credit facility	Lease liabilities	Total
Interest expense paid.....	1.0	—	1.0
Non-cash:		—	
Interest expense accrued.....	(1.0)	—	(1.0)
Other.....	0.3	—	0.3
As at 31 March 2019	13.9	—	13.9
Cash flows:			
Proceeds.....	101.4	—	101.4
Repayments.....	(66.4)	(3.3)	(69.7)
Interest expense paid.....	(2.1)	(0.8)	(2.9)
Non-cash:			
Adoption of IFRS 16.....	—	15.7	15.7
New leases.....	—	1.8	1.8
Interest expense accrued.....	2.4	0.8	3.2
Other.....	—	0.4	0.4
As at 31 March 2020	49.2	14.6	63.8
Cash flows:			
Proceeds.....	118.6	—	118.6
Repayments.....	(90.0)	(3.9)	(93.9)
Interest expense paid.....	(2.2)	(0.8)	(3.0)
Non-cash:			
New leases.....	—	10.2	10.2
Interest expense accrued.....	3.0	0.8	3.8
Other.....	—	(0.8)	(0.8)
As at 31 March 2021	78.6	20.1	98.7

In 2021 the Group entered into the new debt facility with the Silicon Valley Bank, Citibank N.A., JP Morgan Chase Bank N.A. and National Westminster Bank plc; the facility is denominated in Pounds Sterling with maturity date of March 2024. The Group also settled the previous debt facility maturing in August 2021 in March 2021. The facility bears interest at a rate per annum equal to SONIA or LIBOR as applicable (subject to a 'zero floor') plus a margin determined by reference to adjusted leverage (calculated as a ratio of debt to Adjusted EBITDA). The agreement contains certain customary covenants, including to maintain a maximum total net leverage ratio not in excess of 3:1 and interest cover (calculated as a ratio of Adjusted EBITDA to finance charges in accordance with the terms of the agreement) not less than a ratio of 4:1 in respect of any relevant period. The Group has complied with the covenants throughout the reporting period.

During the period ended 31 March 2021 the interest rate of the relevant debt facility was between 2.8% and 3.6% (FY2020: 3.4% and 3.8%; FY2019: 3.6% and 4.0%).

The facility is secured by certain customary security interests and pledges including over shares in certain of Group entities (TransferWise Inc., TransferWise Europe SA and Wise Australia Pty Ltd), and fixed and floating pledges over assets and undertakings of TransferWise Ltd, excluding customer and partner funds, share capital or equity contributions maintained for regulatory purposes, cash paid into a bank or collateral account in connection with, and for the benefit of, relevant card scheme providers and assets held in safeguarded accounts or otherwise segregated for regulatory purposes.

Note 16. Cash generated from operating activities

	As at 31 March		
	2021	2020	2019
Cash generated from operations			
Profit for the year	30.9	15.0	10.3
Adjustments for			
Depreciation and amortisation	21.7	20.6	6.3
Net loss on disposal of non-current assets.....	—	0.1	0.1
Non-cash employee benefits expense – share-based payments.....	38.5	24.2	7.0
Foreign currency exchange differences	17.1	(3.7)	(2.7)
Accrued income taxes.....	10.2	5.4	—
Effect of other non-monetary transactions.....	5.7	(0.9)	1.2
Changes in operating assets and liabilities			
Decrease/(increase) in prepayments and receivables.....	6.1	(31.1)	(12.2)
Decrease in trade and other payables.....	30.0	9.1	7.5
Decrease / (increase) in receivables from customers and payment processors	3.2	35.5	(45.7)
Increase / (decrease) in liabilities to customers, payment processors and deferred revenue.....	31.3	(5.2)	30.0
Increase in Wise accounts	1,881.6	1,118.8	685.2
Cash generated from operations.....	2,076.3	1,187.8	687.0

The tables below give a non-IFRS view of the “Corporate cash” metric that is used by the Group’s management as a Key Performance Indicator in assessment of the Group ability to generate cash and maintain liquidity. Information presented is based on the Group

internal reporting principles and might differ from similar information provided in IFRS disclosures.

	Year ended 31 March		
	2021	2020	2019
Cash flows from operating activities			
Profit for the year	30.9	15.0	10.3
Adjustments for non-cash transactions.....	76.5	50.1	15.3
Change in corporate working capital	38.7	(22.2)	(4.9)
Payment of income tax and interest charges ..	(9.7)	(2.7)	(4.2)
Net corporate cash generated from operating activities.....	136.4	40.2	16.5
Net corporate cash used in investing activities	(23.2)	(17.3)	(13.6)
Net corporate cash generated from/(used in) financing activities.....	24.8	31.1	(6.5)
Total increase/(decrease) in corporate cash.....	138.0	54.0	(3.6)
Corporate cash at beginning of year	155.1	97.7	100.1
Effect of exchange rate differences on corporate cash.....	(7.0)	3.4	1.2
Corporate cash at end of year	286.1	155.1	97.7

	Note	As at 31 March		
		2021	2020	2019
Breakdown of corporate and customer cash				
Cash and cash equivalents and short-term financial investments.....	12, 13	4,096.1	2,191.7	965.8
Receivables from customers and payment processors.....		47.3	53.3	88.1
Adjustments for				
Outstanding money transmission liabilities and other customer payables.....		(144.6)	(122.6)	(126.6)
Wise accounts	14	(3,712.7)	(1,967.3)	(829.6)
Net corporate cash at end of year	13	286.1	155.1	97.7

Note 17. Share capital and share premium

As at 31 March

Class	2021			2020			2019		
	Nominal value	Number of shares	Share capital	Nominal value	Number of shares	Share capital	Nominal value	Number of shares	Share capital
	(£)		(£)	(£)		(£)	(£)		(£)
Ordinary.....	0.00001	16,689,181	166	0.00001	16,125,594	161	0.00001	15,472,207	155
Seed preferred.....	0.00001	5,014,000	50	0.00001	5,014,000	50	0.00001	5,014,000	50
Series A preferred	0.00001	6,785,000	68	0.00001	6,785,000	68	0.00001	6,785,000	68
Series B preferred	0.00001	2,828,975	28	0.00001	2,828,975	28	0.00001	2,828,975	28
Series C preferred	0.00001	2,501,286	25	0.00001	2,501,286	25	0.00001	2,501,286	25
Series D preferred.....	0.00001	871,648	9	0.00001	871,648	9	0.00001	871,648	9
Series E preferred.....	0.00001	1,535,057	15	0.00001	1,535,057	15	0.00001	1,535,057	15
Total		36,225,147	361		35,661,560	356		35,008,173	350

During the year ended 31 March 2021, share options were exercised; a total of 563,587 ordinary shares were issued for a total of £0.9 million (FY2020: 653,387 ordinary shares were issued for a total of £0.3 million; FY2019: 54,282 ordinary shares were issued for a total of £0.1 million).

All classes of shares give rights to vote on proposed written resolutions of the Company. Any available profits which the Company may determine to distribute in respect of any financial year will be distributed among the holders of the shares (*pari passu* as if the shares constituted one class of share) pro rata to their respective holdings of shares. On a distribution of assets on a liquidation or a return of capital the surplus assets of the Company remaining after payment of its liabilities shall be applied:

- first in paying to each of the preferred shareholders;
- second in paying to Seedcamp; and
- third the balance of the surplus assets (if any) shall be distributed among the holders of ordinary shares pro rata to the number of ordinary shares held.

On 24 December 2020, the shareholders of the Company passed a resolution that the amount of £120 million standing to the credit of the Company's share premium account be cancelled, by way of capital reduction supported by a solvency statement, and that the resulting sum be credited to the distributable reserves of the Company.

Note 18. Share-based employee compensation

The employee share option plan is designed to provide long-term incentives for all employees to deliver long-term shareholder returns. Under the plan, participants are granted share options of the Company, which vest gradually over a four-year period. Once vested, the options can be exercised only upon the occurrence of a specified exercise trigger, such as the listing, secondary market sale or sale of the Company.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the plan:

	Average exercise price per share option, £	Number of options
Beginning of year 1 April 2018.....	£1.43	3,145,835
Granted during the year.....	£2.80	980,869
Exercised during the year.....	£0.06	161,282
Forfeited during the year.....	£3.45	178,249
End of year 31 March 2019	£1.75	3,787,173
Vested and exercisable as of end of year.....	£1.25	2,455,642
Granted during the year.....	£7.77	1,222,870
Exercised during the year.....	£0.39	653,387
Forfeited during the year.....	£4.79	253,343
End of year 31 March 2020	£3.57	4,103,313
Vested and exercisable as of end of year.....	£2.27	2,375,539
Granted during the year.....	£8.32	510,855
Exercised during the year.....	£1.54	563,587
Forfeited during the year.....	£21.96	310,113
End of year 31 March 2021	£2.86	3,740,468
Vested and exercisable as of end of year.....	£3.28	2,457,675

In January 2021 the Group converted 91,833 options with an average exercise price of £60.90 into 85,406 restricted stock units ("RSU") with an average exercise price of £0.0001. The average incremental fair value of £52.37 per RSU will be recognised as an expense over the period from the modification date to the end of the RSU vesting period. The expense for the original option grant will continue to be recognised as if the terms had not been modified. The fair value of the modified options was determined using the same models and principles as described below.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date range: 12 months ended 31 March	Expiry date range: 12 months ending 31 March	Weighted average exercise price	Share options as at 31 March 2021	Share options as at 31 March 2020	Share options as at 31 March 2019
2013.....	2023	£0.0037	117,043	250,112	315,208
2014.....	2024	£0.0037	121,147	156,391	255,757
2015.....	2025	£0.05	339,831	454,254	811,479
2016.....	2026	£2.62	294,638	422,978	511,228
2017.....	2027	£3.88	284,825	347,699	378,289
2018.....	2028	£2.68	476,455	533,970	607,565
2019.....	2029	£2.95	721,561	834,367	907,647
2020.....	2030	£5.82	766,622	1,103,542	—
2021.....	2031	£2.14	618,346	—	—
Total.....			3,740,468	4,103,313	3,787,173
Weighted average remaining contractual life of options outstanding at end of the period.....			6.9 years	7.3 years	7.1 years

The assessed fair value at the grant date of share options granted during the year ended 31 March 2021 was £102 per option on average (FY2020: £61; FY2019: £16). The fair value of share options at each grant date is independently determined using the Black Scholes Model that takes into account the exercise price, the term of the share option, the share price at grant date and expected price volatility of the underlying share, the risk-free interest rate for the term of the share option and the correlations and volatilities of the peer group companies.

The model inputs for options granted during the year ended 31 March 2021 included:

- options are granted for no consideration and vest over the four-year period according to the vesting conditions;
- average exercise price: £8.32;
- no dividends are expected to be paid;
- expected price volatility of the Company's shares: 50%;
- risk-free interest rate: 0.13%; and
- expected price volatility is based on the comparative information of the peer-group companies.

Risk-free interest rate is based on the UK five-year government bond yield.

Note 19. Commitments

The Group's minimum lease payments for non-cancellable operating leases that are outside the scope of IFRS 16 as are detailed below:

	As at 31 March		
	2021	2020	2019
Infrastructure subscription			
No later than 1 year.....	2.5	1.1	0.9
Later than 1 year and no later than 5 years.....	2.0	2.9	3.9
Total	4.5	4.0	4.8
Significant capital expenditure contracted			
No later than 1 year.....	2.1	—	—
Total	2.1	—	—

The Group does not have other material commitments, capital commitments or contingencies as at 31 March 2021, 2020 and 2019, respectively.

Note 20. Ultimate parent company

TransferWise Ltd is the ultimate parent Company of the Group. The Company is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales.

In the opinion of the Directors, the Group does not have a single ultimate controlling party.

Note 21. Transactions with related parties

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the financial years ended 31 March 2021, 2020 and 2019 there were no material transactions with related parties of the Group.

The Company identifies the Group Directors and Chief Financial Officer as the key management personnel.

	Year ended 31 March		
	2021	2020	2019
Compensation to key management personnel			
Short-term employee benefits.....	0.5	0.7	0.6

	Year ended 31 March		
	2021	2020	2019
Share-based payment expense.....	1.7	1.4	—
Total compensation paid to key management personnel.....	2.2	2.1	0.6

Short-term employee benefits include salaries for the key management personnel. The gross salary of the highest paid director was £233 thousand during the period ended 31 March 2021 (FY2020: £233 thousand; FY2019: £197 thousand).

Share-based payment expense is related to employee share option plan (more information about the plan is provided in Note 18).

Our co-founder and Director, Taavet Hinrikus, also serves on the board of directors of Veriff Inc. Although Veriff Inc. did not meet the definition of a related party as set out in IAS 24 for the period ended 31 March 2021 and 2020, the Group purchased approximately £0.3 million in services from Veriff Inc. in the ordinary course of business during the period ended 31 March 2021 (FY2020: £0 million; FY2019: £0 million).

Note 22. Earnings per share

The following table reflects the income and share data used in the basic and diluted earnings per share (“EPS”) calculations:

	Year ended 31 March		
	2021	2020	2019
Profit for the year.....	30.9	15.0	10.3
Weighted average number of ordinary shares for basic EPS.....	16.4	15.8	15.5
Plus the effect of dilution from:			
Share options.....	3.2	3.0	3.0
Weighted average number of ordinary shares adjusted for the effect of dilution.....	19.6	18.8	18.5
Basic EPS.....	1.88	0.95	0.67
Diluted EPS.....	1.58	0.80	0.56

Note 23. Alternative performance measures

The Group uses a number of alternative performance measures (“APMs”) within its financial reporting. These measures are not defined under the requirements of IFRS and may not be comparable with the APMs of other companies. The Group believes these APMs provide stakeholders with additional useful information in providing alternative

interpretations of the underlying performance of the business and how it is managed and are used by the Directors and management for performance analysis and reporting. These APMs should be viewed as supplemental to, but not as a substitute for, measures presented in the Historical Financial Information which are prepared in accordance with IFRS.

Adjusted EBITDA: Measure of profitability which is calculated as profit for the year excluding the impact of income taxes, finance expense, depreciation and amortisation, share-based payment compensation expense as well as exceptional items.

Adjusted EBITDA reconciles to profit for the year as follows:

	Year ended 31 March		
	2021	2020	2019
Profit for the year ended 31 March.....	30.9	15.0	10.3
Adjusted for:			
Income tax expense/(credit)	10.2	5.4	(0.2)
Finance expense.....	3.8	3.2	2.1
Depreciation and amortisation	21.7	20.6	6.3
Share-based payment compensation expense	38.1	24.0	7.0
Exceptional items	4.0	—	—
Adjusted EBITDA.....	108.7	68.2	25.5
Revenue	421.0	302.6	177.9
Adjusted EBITDA Margin	25.8%	22.5%	14.3%

Exceptional items: Exceptional items are the items of income or expense that the Group considers are material, one-off in nature and of such significance that they merit separate presentation in order to aid the reader's understanding of the Group's financial performance. Such items currently include transaction costs associated with the proposed listing.

OUR REGULATORY INFORMATION

We are subject to numerous laws and regulations in the various jurisdictions in which we operate. Our regulatory environment varies from jurisdiction to jurisdiction. Depending on the local set-up, we may require local licences or a local partnership with a financial institution to operate. For certain types of set-up (principally countries into which money is received), we generally do not require a licence or any other authorisation or registration.

We hold 62 licences, in 11 countries, enabling operations in 40 countries, including 30 EEA member states, and 49 US states, supporting over 2,500 foreign exchange routes. We are regulated by many different authorities, which oversee, among other topics, financial crime prevention, consumer protection, licensing, corporate governance and capital requirements.

We have comprehensive regulatory and compliance functions which proactively and transparently engage with regulators globally. Ongoing compliance is our priority in order to maintain the trust of customers, regulators and partners. Our global compliance function comprises over 500 verification (KYC), fraud, financial crime prevention, enhanced due diligence, complaints, chargeback, requests for information and product compliance staff responsible for compliance with all applicable regulations. The regulatory team processes over 21,000 ID checks per day and our in-house fraud and risk systems use machine learning algorithms to constantly monitor activity and adjust thresholds based on our operational data.

We are also working to shape the future regulation of our industry. In our fight to bring transparency to the international payments industry, we regularly meet with legislators, regulators and other stakeholders to raise awareness of unfair market practices that hurt people and businesses.

The following are summaries of the regulatory regimes in the most significant jurisdictions (based on our FY2021 financial results) in which we operate, namely, the UK, Europe (Belgium and the EEA), the United States and Australia.

The United Kingdom

Regulatory Status

Our UK regulated entities are TransferWise Ltd (FRN 900507) (TWL) and TINV Ltd (FRN 839689) (TINV).

TWL was authorised by the FCA as an EMI on 4 January 2016 and updated its regulatory permissions on 7 June 2018 in line with the updated EMRs as amended by PSRs. TWL has permissions under the EMRs to provide payment services and issue electronic money, the conduct of which is subject to the PSRs.

TINV is authorised by the FCA to carry out various investment services (under Part IV of the FSMA) including dealing in units as principal for retail clients, subject to such activities meeting the “matched principal exemption” conditions (as defined in the FCA’s Glossary).

Regulatory Authorities

The FCA

TWL and TINV are each authorised and regulated by the FCA. Their being regulated under differing regulatory regimes means that the applicability of FCA rules and guidance, and the basis upon which regulatory supervision is exercised, is slightly different for each firm.

As an EMI, TWL is required to comply with the PSRs and EMRs as well as the FCA's Principles for Business. The FCA is established as the competent authority to authorise or register (as the case may be) an entity seeking to undertake activities regulated under the PSRs and EMRs, and is responsible for supervising an EMI's compliance with the applicable conduct of business rules, authorisation and registration requirements (which include initial and ongoing capital requirements, safeguarding and the appointment and registration of agents), and AML and CTF obligations. Supervision and monitoring is exercised through a variety of mechanisms, requiring both regular and ad hoc reporting from firms, and the FCA has wide enforcement powers in respect of EMIs.

Meanwhile, as an investment firm, the FCA imposes requirements on TINV through a combination of its Principles for Businesses and more detailed provisions contained in the FCA Handbook. The FCA has wide supervisory powers, requiring both regular and ad hoc reporting from firms, and has broad enforcement powers given to it under the FSMA.

The Payment Systems Regulator

The Payment Systems Regulator is the regulator and concurrent competition authority for payment systems and all participants in payment systems in the UK. The Payment Systems Regulator operates under the FCA but has separate duties and powers, including the ability to issue rules, written guidance and decisions.

The Payment Systems Regulator has three statutory objectives: (1) to promote effective competition in the markets for payment systems and for services provided by those systems, including between operators, payment service providers and also infrastructure providers, in the interest of service-users; (2) to promote the development of innovation in payment systems, in the interest of service-users; and (3) to ensure that payment systems are operated and developed in a way that considers and promotes the interests of service-users.

TWL falls within the Payment Systems Regulator's jurisdiction as a direct participant in the Bank of England's FPS, which is designated as a relevant payments system by HM Treasury. As a participant, TWL is required to deal with the Payment Systems Regulator in an open and cooperative way and must appropriately disclose to it anything relating to TWL's business which could have a material adverse impact on its statutory objectives and duties.

Financial Ombudsman Service

FSMA established the FOS, which determines complaints by eligible complainants in relation to authorised financial services firms and certain other businesses in respect of activities and transactions under its jurisdiction. Complaints about payment services and electronic money are within the jurisdiction of the FOS.

Since TWL is active in both the wholesale payments and retail payments segments, a large number of our UK customers fall within the definition of “eligible complainants” and therefore the FOS’s jurisdiction, on the basis that they are “consumers” or “micro-enterprises”. The FOS determines complaints on the basis of what, in its opinion, is fair and reasonable in all the circumstances of the case and can authorise awards of up to £355,000 plus interest and costs (although a lower maximum award may be applicable, depending upon the date a complaint is referred to the FOS). The FOS may also make directions awards which direct the relevant business to take steps which the FOS considers just and appropriate.

Applicable Law

TWL and TINV are subject to legal requirements and applicable regulatory rules and guidance with respect to prudential requirements, client money protection, conduct of business and AML. Further details on key legal obligations and rules that relate to our UK entities are set out below.

TWL – EMRs

The EMRs implement the Second Electronic Money Directive (2009/110/EC) in the UK. TWL is authorised under the EMRs to issue electronic money (as defined in the EMRs) and provide both related and unrelated payment services.

The EMRs also set out the authorisation and conduct of business requirements for EMIs such as TWL, including rules covering pre-and-post contract information requirements, notice of variation of terms, the safeguarding of customers’ funds, redemption of funds, and termination rights. The payment services-related activities involved in the issuing of electronic money are governed by the PSRs.

As an authorised EMI, TWL must meet certain conditions. Such conditions include having:

- robust governance arrangements for its e-money issuance and payment service business, including a clear organisational structure with well-defined, transparent and consistent lines of responsibility;
- effective procedures to identify, manage, monitor and report any risks to which it might be exposed; and
- adequate internal control mechanisms, including sound administrative, risk management and accounting procedures.

TWL is also under an initial and ongoing duty to meet certain minimum capital (“own funds”) requirements under the EMRs (see below). Other initial and ongoing requirements include, among others:

- having fit and proper controllers;
- having directors and management of good repute and with the appropriate knowledge and experience to issue e-money and provide payment services;

- having adequate measures in place to safeguard e-money holders' and payment service users' funds, which includes the requirement to segregate relevant funds from any other funds that it holds; and
- ensuring that any close links with another person are not likely to prevent the FCA's effective supervision of the firm.

TWL – PSRs

Any UK business that provides payment services as a regular occupation or business activity in the UK must be authorised by the FCA as a payment institution, a small payment institution or a registered account information service provider unless it is already authorised in a different category of payment service provider (for example an EMI such as TWL or a bank) or exempt. It is a criminal offence to provide payment services in the UK without the requisite authorisation or a relevant exemption.

When TWL performs payment services, it is subject to the conduct requirements set out in the PSRs. Parts 6 and 7 of the PSRs set out the obligations relating to the conduct of business in providing payment services, which fall into two main categories:

- information to be provided to the customer before and after execution of a payment transaction; and
- the rights and obligations of both TWL and customers in relation to payment transactions.

The information requirements differ depending on whether the transaction concerned is carried out as part of an ongoing relationship under a “framework contract” (essentially where there is an ongoing relationship with a customer) or as a single payment transaction. There are also different requirements for payment instruments that are limited to low value transactions. However, in broad terms, the PSRs cover conduct of business requirements covering pre-and-post contract information requirements, notice of variation of terms, termination rights and information on transactions. Other provisions address authorisation procedures for payments, refunds, liability for unauthorised or incorrect payments, procedure for execution and value dating.

TWL – Safeguarding Regimes

TWL is subject to separate safeguarding requirements under the EMRs (in relation to the e-money issued through Wise Account) and the PSRs (in relation to Wise Transfer).

Under regulation 20 of the EMRs, TWL is required to safeguard funds received in exchange for e-money it has issued. Any unrelated payment services TWL provides are separately subject to the safeguarding provisions set out in regulation of the PSRs. Pursuant to these requirements, TWL holds relevant funds (as defined in the EMRs and PSRs respectively, as applicable) in separate accounts from all other funds it holds (including its working capital and other proprietary funds) so that, in the event of its insolvency, claims of e-money holders or payment service users are paid from the asset pool formed from the segregated relevant funds in priority to all other creditors (other than in respect of the costs of distributing the asset pool). TWL is required to safeguard

funds received for both e-money issuance and unrelated payment services and is not permitted to hold the funds in the same safeguarding account.

TWL – Capital Requirements

As an authorised EMI, TWL is required, at all times, to hold own funds equal to or in excess of the greater of:

- the amount of initial capital required for its business activity (i.e. €350,000); or
- the amount of the own funds requirement calculated in accordance with Method D as set out in the EMRs (i.e. an amount equal to 2% of the average outstanding e-money issued by TWL) in respect of any activities carried on that consist of the issuance of e-money and payment services related to the issuance of e-money (subject to any adjustment the FCA may require).

TWL is required to meet separate and additional ongoing capital requirements in relation to its unrelated payment services (i.e. those not related to its e-money issuing activities) as set out in paragraph 13(a) of Schedule 2 of the EMRs.

TWL complies with Method C of the PSRs and Method D of the EMRs in calculating its capital requirements.

In terms of quality of capital, according to Schedule 2 of the EMRs, TWL complies with the eligibility requirements for CET1/AT1/T2 under CRR.

TWL – PSD2

The PSD2, which is described in “—Belgium and EEA—Applicable Law—PSD2”, also applies to TWL under the UK implementation of PSD2.

TINV – FSMA

FSMA establishes a framework for financial services legislation in the UK. It provides the basis for the regulatory perimeter, prohibiting persons from carrying on a regulated activity in the UK unless they are authorised or exempt. FSMA also gives the FCA powers to make rules and guidance for firms within the scope of the FSMA regulatory regime, which includes TINV.

TINV – Capital Requirements

In accordance with the FCA's prudential rules, TINV is classified as an IFPRU 125k firm for base own funds requirements, as it is subject to a limitation on its permissions preventing it from holding or dealing in financial instruments for its own account, unless it meets the conditions for matched principal trading. This classification dictates that TINV's own funds must not fall below €125,000 (which is its initial capital requirement).

IFPRU firms are generally subject to CRR/CRD IV. However, TINV is classified as an IFPRU limited licence firm. Accordingly, TINV is excluded from the CRD IV-derived requirements on large exposures, capital buffers, leverage ratios and liquidity.

With effect from 1 January 2022, the UK will introduce a new prudential regulatory regime for non-systemic investment firms, which includes less onerous rules than CRR but more

granular rules on capital, liquidity and large exposures than the current rules in the FCA Handbook. TINV will become subject to that regime.

TINV - SM&CR

The SM&CR seeks to improve individual responsibility and accountability within financial services firms. TINV is a core firm for the purposes of the SM&CR and has designated senior managers under the SM&CR. SM&CR comprises:

- a Senior Managers Regime for individuals who are subject to FCA approval;
- a Certification Regime, which requires relevant firms to assess the fitness and propriety of certain employees carrying out a “significant harm” function; and
- a set of Conduct Rules applicable to most employees.

TINV is a core firm for the purposes of the SM&CR. The following individuals in TINV are registered as senior managers under the SM&CR:

- Kristo Käärmann (SMF3 Executive Director);
- Matthew Briers (SMF3 Executive Director); and
- Ben Steyn (SMF 16 Compliance Oversight, SMF 17 Money Laundering Reporting Officer).

Sanctions

From 31 December 2020, the UK has operated a sanctions regime that is autonomous from the EU, primarily governed by the Sanctions and Anti-Money Laundering Act 2018.

There are a number of relevant regulators and authorities in the UK with sanctions related responsibilities. The Foreign and Commonwealth Office is responsible for formulating overall UK government policy on international sanctions, while OFSI is responsible for ensuring that financial sanctions are properly understood, implemented and enforced. OFSI handles applications for financial sanctions licences and associated notifications and authorisations. The Department for International Trade is responsible for trade sanctions and licensing related to the same (through the Export Control Joint Unit). Breaches of the UK’s sanctions regime can result in criminal penalties, including potentially considerable fines.

MLRs and the Proceeds of Crime Act 2002

The UK’s AML and CTF legal and regulatory framework, as applicable to TWL and TINV, comprises two parts:

- the criminal offences of money laundering and terrorist financing, which are applicable to all individuals and entities in the UK, not just those in the regulated sector for money laundering purposes. The primary offences are set out in the POCA and TACT. The key offences in POCA include concealing or removing the proceeds of crime from the jurisdiction, arranging for the acquisition or use of the proceeds of crime, possessing or using the proceeds of crime and failing to disclose knowledge or suspicion of the activity of money laundering. Both corporate entities and individual officers can be prosecuted for these offences. As the proceeds of

crime may derive from conduct occurring in the UK or abroad if the conduct occurring overseas would have been unlawful had it occurred in the UK, the UK's AML regime will have a certain degree of extra-territorial effect; and

- the MLRs, which place administrative requirements on persons carrying on certain types of business in the UK, including in the financial services industry, to conduct customer due diligence and to keep records to help detect and counter (and wherever possible prevent) money laundering, terrorist-financing and fraud. Such firms must take a risk-based approach in establishing procedures to meet the requirements of the MLRs.

The FCA's expectations for businesses such as TWL to comply with their anti-financial crime obligations are set out at Chapter 19 of the FCA's Approach Document for Payment Services and Electronic Money, and include implementing measures such as having appropriate internal policies and procedures for dealing with the risk of financial crime, as well as complying with industry standards such as those set out in the Joint Money Laundering Steering Group guidance.

The FCA Handbook meanwhile also contains the regulatory requirements for FSMA-authorized firms (such as TINV) to take reasonable care to establish and maintain effective systems and controls for compliance with the MLRs and for countering the risk that the firm might be used to further financial crime, as set out in the FCA's Systems and Controls sourcebook.

Belgium and EEA

Wise's Belgian and EEA regulated entity is TransferWise Europe SA (Wise Europe), with registration number 0713629988. Wise Europe is regulated as a PI in Belgium by the NBB, and with this authorisation has passporting rights to provide its services to EEA clients on a cross-border basis.

Wise Europe is authorised by the NBB to provide the following payment services:

- execution of payment transactions, including transfers of funds on a payment account with the user's payment service provider or with another payment service provider, including execution of direct debits, including one-off direct debits; execution of payment transactions through a payment card or a similar device; and execution of credit transfers, including standing orders;
- issuing of payment instruments and/or acquiring of payment transactions; and
- money remittance.

Wise Europe is also authorised to provide its services across the EEA through its passporting rights.

Regulatory Authorities

NBB

Wise Europe's primary regulator in Belgium and across Europe is the NBB. The NBB is responsible for prudential supervision of credit institutions, insurers, stockbrokers, and

other financial organisations, and, alongside the Belgian Financial Services and Markets Authority, the NBB supervises Belgian financial markets and financial service providers (including PIs and EMIs). Its authority includes oversight of the financial information that Wise Europe disseminates and the products it offers to people and its compliance with the rules of business conduct. The NBB and Belgian Financial Services and Markets Authority Act in concert with the European Banking Authority, an independent EU authority that provides prudential regulation and supervision across the European banking sector.

Applicable Law

PSD2

The PSD2 came into force in Belgium, replacing the original Payment Services Directive, on 13 January 2018. It introduced new requirements aimed at enhancing online security and regulating online payment services, in addition to creating a more integrated and seamless payments experience for payment institution customers across the EEA. PSD2 captures Wise Europe as a payment institution. The primary aims of the regulation are to improve consumer protection, create a more secure payment environment and lower the costs of payment services.

PSD2 builds on the original Payment Service Directive (which allowed institutions other than banks to provide payment services across Europe and required those providing such services to provide transparency in respect of their fees) by requiring Wise Europe to:

- issue and use strong customer authentication solutions, allowing for authorisation to be linked to the specific amount and payee;
- offer transaction and device monitoring to identify unusual payment patterns; and
- provide standardised and reliable access interface to payment accounts (i.e. an API) which makes it possible to identify third-party payment service providers in a secure way and secures all related communication between all parties involved.

In respect of strong customer authentication requirements, under PSD2 Wise Europe was required to implement an identity verification process with two or more of the following elements:

- knowledge (something only the user knows, e.g. a password or a PIN);
- possession (something only the user possesses, e.g. the card or an authentication code generating device); and
- inherence (something the user is, e.g. the use of a fingerprint or voice recognition).

In respect of unauthorised transactions, PSD2 requires Wise Europe to issue immediate refunds in the event of loss resulting from the theft or misappropriation of the payment instrument (e.g. data breaches, hacking attacks, copied payment cards).

PSD2 also extended provisions on transparency and information requirements to all currencies (as opposed to only those in the EEA), broadened the definition of “payment

services” to include payment initiation services and account information services and amended certain exemptions and conduct of business rules.

Interchange Fee Regulation

In April 2015, the Interchange Fee Regulation was adopted to address collectively-agreed inter-bank fees on card-based transactions. The Interchange Fee Regulation introduced ceilings for such fees and rules limiting the ability of retailers to market their cards on the basis of lower interbank fees. The regulations set caps at 0.2% of the transaction value for debit cards for people, and 0.3% for credit cards. Business cards are excluded and the caps apply only to transactions where both the customer and the card issuer are located within the EEA.

Capital Requirements

Under PSD2, authorised PIs are required to hold a minimum amount of capital as a buffer in the event of unexpected losses or to satisfy first losses if it were to be wound up. Minimum capital requirements (referred to as “Own Funds” by the NBB) are calculated in accordance with the Royal Decree of 27 April 2018. As a result, Wise Europe is required, at all times, to hold Own Funds equal to or in excess of the greater of:

- the amount of initial capital required (€125,000); or
- an amount calculated as a percentage of total annual payment volumes according to the following tranches: 4% of average monthly payment volumes up to €5 million; 2.5% of average monthly payment volumes above €5 million up to €10 million; 1% of average monthly payment volumes above €10 million up to €100 million; 0.5% of average monthly payment volumes above €100 million up to €250 million; and 0.25% of average monthly payment volumes above €250 million.

Sanctions

The sanctions regimes applicable in Belgium are imposed at different levels: internationally by the UN Security Council and the EU and nationally by the Belgian government and Belgian National Security Council. The General Administration of the Treasury is authorised to carry out the administration and compliance inspection for these sanctions. In addition to its implementation of the UN and EU sanctions regimes, Belgium has taken measures to draw up its National List, adopted and modified by a Royal Decree of 28 December 2006. The decree requires the immediate freezing of all funds and economic assets of the persons and entities mentioned in the national list and forbids, directly or indirectly, facilitating the funds and economic assets of these persons and entities. Financial institutions, including Wise, must forward information regarding the implementation of the Decree, including information about bank accounts and other assets and economic resources of the aforementioned, to the General Administration of Treasury. Breaches of these restrictive measures are enforced under Belgian Law of 11 May 1995.

United States

Our regulated entity in the United States is TransferWise Inc. (Wise US). It is registered as a MSB and Prepaid Access Provider with FinCEN.

It is licensed to operate as a money transmitter in 48 states, the District of Columbia and Puerto Rico, and is supervised by regulatory authorities in each of those states and territories. In other US states and/or territories, money transmission services are offered by our partner financial institution Community Federal Savings Bank, which is supervised by the Office of the Comptroller of Currency.

Regulatory Authorities

FinCEN

FinCEN is the U.S. federal regulatory authority established “to safeguard the financial system from illicit use, combat money laundering and promote national security”. FinCEN’s regulations under Section 314(a) of the USA PATRIOT ACT of 2001 enable federal, state, local, and foreign, such as the EU, law enforcement agencies, through FinCEN, to reach out to more than 34,000 points of contact at more than 14,000 financial institutions to locate accounts and transactions of persons that may be involved in terrorism or money laundering. MSBs are subject to FinCEN’s regulatory oversight and enforcement with respect to AML, terrorist-financing reporting and record-keeping laws and regulations.

OFAC

OFAC is responsible for enforcing the U.S. economic and trade sanctions against targeted foreign countries, terrorists, drug cartels and others. OFAC maintains a list of individuals, businesses, non-profits and government agencies called the SDN list. All businesses are required to check their customers against the OFAC list, and ensure that transactions are not otherwise in violation of OFAC sanctions regulations.

Applicable Law

Money Transmitter Laws and Regulations

Most US states require us to be licensed to process money transfer and stored value transactions for their residents. To date, we have obtained money transmitter licences in 48 U.S. states, the District of Columbia and Puerto Rico. In Nevada, remittance services are offered by Community Federal Savings Bank, for which TW Inc. acts as a service provider, and in Montana no money transmitter licence is required. Licensing requirements generally include minimum net worth requirements, provision of surety bonds, compliance with operational procedures and the maintenance of reserves or “permissible investments” in an amount equivalent to outstanding payment obligations, as defined by our various regulators. The types of securities that are considered “permissible investments” vary across jurisdictions, but generally include cash and cash equivalents, U.S. government securities and other highly-rated debt instruments. Most states require us to file reports on a regular basis to verify our compliance with their requirements. Many states and other regulators also subject us to periodic examinations and require us to comply with AML and other laws and regulations similar to the BSA/PATRIOT Act.

The BSA/PATRIOT Act

The BSA/PATRIOT Act requires MSBs to develop and implement risk-based AML programs, verify the identity of customer accounts, report suspicious activity and maintain transaction records. Financial institutions, including non-bank financial institutions such as MSBs, are subject to the BSA/PATRIOT Act. Under its terms, all MSBs have a FinCEN obligation to report suspicious activity related to large transactions, insider activity and other qualifying “cyber events” within 30 days of the date of the initial determination for the necessity of filing the report.

In addition to the foregoing, BSA/PATRIOT Act regulated entities must also designate a compliance officer, provide employees with training on money laundering prevention, and undergo an annual, independent audit to assess the effectiveness of its AML program.

OFAC Controls & Sanctions

We are required to remain in compliance with the sanctions laws and regulations administered by OFAC and may be required to remain in compliance with sanctions regimes established in certain countries in which we or our disbursement partners operate. In order to address those requirements, we must:

- ensure that we are not engaging in any transactions in, relating to, or involving, directly or indirectly, countries subject to U.S. economic sanctions, including Cuba, Iran, and Syria, or that otherwise would be prohibited if performed by U.S. persons or entities, unless authorised by the appropriate U.S. government agency;
- screen transactions, customers, affiliates, directors, officers or employees to ensure that none are listed on government watch-lists such as: the SDN list, maintained by OFAC; any lists of restricted persons or entities maintained by any other U.S. government authority or pursuant to any Executive Order of the President of the United States of America; and lists maintained by other governments as applicable;
- block funds of SDNs; and
- prepare and submit blocking and other reports, and maintain blocked funds as required by OFAC laws and regulations.

Wise US has policies and procedures for screening OFAC sanctions lists and utilises its proprietary software to screen each customer and each transaction to identify potential OFAC matches. Country-based and SDN lists update every 24 hours and automatically cross-reference the names of all correspondents, counterparties and their owners against the updated lists.

Electronic Fund Transfers

Wise is subject to various laws and regulations governing the electronic transfer of funds, including: (1) the EFTA; and (2) Regulation E, issued by the Consumer Financial Protection Bureau pursuant to Regulation E. The EFTA establishes the conditions for any transfer of funds initiated by electronic means to debit or credit an account held by a consumer in a financial institution. Regulation E provides additional detail with respect to the rights and

remedies set forth in the EFTA as applied to consumer customers, including but not limited to disclosures, pricing guidelines and error resolution procedures.

Data Protection and Information Technology

In the United States, the GLBA sets out the federal privacy and data protection framework to which we are subject. The GLBA: (1) restricts the collection, processing, storage, use, and disclosure of consumer personal information; (2) requires notice to individuals of privacy practices; and (3) provides individuals with certain rights to prevent the use and disclosure of protected information. The GLBA also imposes requirements for the safeguarding of consumer personal information. Certain state laws also restrict the ability to collect and utilise certain types of information, such as Social Security or driver's licence numbers.

Australia

Our Australian regulated entity is Wise Australia Pty Ltd (Wise Australia).

It is regulated by ASIC as an AFS licensee pursuant to section 913B of the Australian Corporations Act. As an AFS licensee, Wise Australia is authorised to carry on a financial services business in Australia and to provide certain financial services specified under its AFS licence. Under its AFS licence, Wise Australia is authorised to provide general financial product advice and deal in financial products (in respect of deposit and payment products limited to non-cash payment products) and to make a market for foreign exchange contracts. Wise Australia is authorised to provide these financial services to both retail and wholesale clients.

Wise Australia is also regulated by the APRA under an ADI licence. This licence permits Wise Australia to carry on banking business in Australia under subsection 9(3) of the Australian Banking Act, limited to providing PPF.

Further, Wise Australia is regulated by AUSTRAC as a designated independent remittance dealer and account provider in accordance with the AML/CTF Act. It is enrolled on the AUSTRAC Reporting Entities Roll and registered on the AUSTRAC Remittance Sector.

Regulatory Authorities

ASIC

ASIC is Australia's regulator for corporations, financial markets, financial services and consumer credit. The principal law governing corporations and the provision of financial services in Australia is the Australian Corporations Act and its regulations under the Corporations Regulations 2001 (Cth).

ASIC maintains broad supervisory powers in respect of companies and AFS licensees. These include the imposition of any criminal or civil liability for breaches of relevant provisions in the Australian Corporations Act. Under certain circumstances, ASIC also has, for example, the power to deregister proprietary companies, to cancel an AFS licence and to issue a banning order which prohibits the person from providing any financial services or specified financial services in specified circumstances or capacities.

APRA

The APRA is the prudential regulator of the financial services industry in Australia. It licenses and supervises banking, insurance and superannuation businesses. The APRA establishes prudential standards that regulated institutions must comply with. These standards set out a range of requirements in relation to financial soundness, risk management, and governance.

The licence obtained by Wise Australia from the APRA permits it to carry on banking business in Australia, limited to providing PPF. Wise Australia must meet certain prudential requirements applicable to providers of PPF, as set out in Prudential Standard APS 610. Specifically, pursuant to the terms of its licence, Wise Australia is required, at all times, to hold Tier 1 capital, which is the greater of: (a) A\$3 million; or (b) 5% of total outstanding stored value liabilities. Wise Australia must not pay interest on amounts held for the benefit of its customers. In addition, it is not authorised to conduct general banking business in Australia.

After an institution is licensed by the APRA, it is subject to ongoing supervision to ensure it is meeting the APRA's prudential requirements. If the APRA has concerns about a supervised institution's prudential strength or risk management, it will work with the institution to have those issues promptly addressed. If the institution is uncooperative, or the APRA otherwise considers it necessary, the APRA can take a range of enforcement actions against an institution, or individuals associated with that institution, to protect the interests of depositors.

AUSTRAC

AUSTRAC administers the AML and CTF laws in Australia, and is also the primary regulator of remittance service providers in Australia. AUSTRAC maintains ongoing oversight of reporting entities. This includes the imposition of any criminal or civil liability against such entities for breach of relevant provisions in the Australian AML/CTF Act. In addition, AUSTRAC has the power to cancel a person's registration on the AUSTRAC Remittance Sector Register (i.e. require the person to cease providing registrable designated remittance services) in certain circumstances, including breaches of a condition of registration.

DFAT

DFAT is a department of the Federal Government of Australia. DFAT administers Australia's sanctions regime and may impose criminal liability against persons for breach of relevant sanctions provisions.

Applicable Law

Australian Corporations Act

In respect of financial services, the Australian Corporations Act requires a person, subject to applicable exemptions, to hold an AFS licence, or be an authorised representative of a person who holds an AFS licence, if they carry on a financial services business in Australia. ASIC maintains oversight of the AFS licensing regime.

The Australian Corporations Act imposes overriding general obligations on AFS licensees, including the requirement to do all things necessary to ensure that the financial services covered by the relevant AFS licence are provided efficiently, honestly and fairly. In addition to the general obligations, AFS licensees are otherwise required to comply with certain requirements relevant to the financial services and products that they provide to their clients (such as disclosure requirements in the form of a Product Disclosure Statement in specified situations involving the issue of a financial product to a retail client).

Australian Banking Act

Under the Australian Banking Act, it is an offence to conduct banking business in Australia without the proper authority. A company that intends to conduct any business that can be classed as banking business, needs to obtain an ADI licence from the APRA giving it the authority to conduct banking business in Australia.

ADIs must also comply with BEAR, which is set out in the Australian Banking Act. BEAR, which is administered by the APRA, establishes accountability obligations for ADIs and their senior executives and directors, including, among other things, deferred remuneration, key personnel and notification obligations for ADIs. It also requires ADIs to appoint accountable persons to the responsibilities covered under the regime.

Capital Requirements

Prudential Standard APS 610 requires ADIs that have obtained an authority to provide PPF to meet prudential requirements commensurate with their risk profile. These ADIs form a class of ADI known as PPF providers. PPF providers are not authorised to conduct general banking business in Australia.

Prudential Standard APS 610 sets out the ADI prudential standards that apply to PPF providers, as well as additional requirements applying to PPF providers that have stored value at risk. The key requirements of this prudential standard for PPF providers with stored value at risk are:

- minimum Tier 1 Capital requirement that is the larger of (a) the minimum start-up capital as determined by APRA, or (b) 5% of stored value liabilities;
- to hold, at all times, high quality liquid assets equal to its stored value liabilities; and
- to meet certain operational risk requirements.

A PPF provider has a notification obligation to inform the APRA of any actual or potential breach of the capital adequacy requirements, and any breach of its minimum liquidity holdings, or concerns over the adequacy of its liquidity holdings.

Other Prudential Requirements

Prudential Standard APS 610 also requires Wise Australia to comply with several other prudential standards in relation to risk management (CPS 220), governance (CPS 510), fit and proper (CPS 520), business continuity management (CPS 232), outsourcing (CPS 231) and audit (APS 310).

Australian AML/CTF Act

Australian proprietary companies that carry out certain activities, including remittance and currency exchange services, must enrol with AUSTRAC as reporting entities and comply with certain requirements under the Australian AML/CTF Act and AML/CTF Rules. Remittance and currency exchange services are deemed to be designated services under the Australian AML/CTF Act, and providers of designated remittance services must separately register on the AUSTRAC Remittance Sector Register.

Reporting entities are required to develop and maintain an AML/CTF program. The purpose of an AML/CTF program is to specify how the reporting entity will identify, mitigate and manage risk that it might reasonably face that the provision of designated services at or through a permanent establishment of the entity in Australia might involve or facilitate money laundering or financing of terrorism, and to set out applicable customer identification procedures for customers of the reporting entity.

In addition to developing and maintaining an AML/CTF program, some other key requirements for reporting entities include compliance with reporting obligations (including the reporting of suspicious matters to AUSTRAC) and record-keeping (for example, regarding applicable customer identification procedure).

Sanctions Laws

The United Nations Act, which implements the United Nations Security Council sanctions, and the Autonomous Sanctions Act establish the sanctions regime in Australia. Both laws are administered by DFAT. These laws impose particular sanctions measures (including undertaking a sanctioned supply or sanctioned import) in respect of specific countries or particular groups of people (such as persons who commit terrorism).

It is an offence under the United Nations Act for any person to engage in conduct that would contravene a UN sanction enforcement law. Contravention of a United Nations sanction enforcement law is punishable by imprisonment (for individuals) or by imposition of a fine (for both individuals and corporations).

The Autonomous Sanctions Act prohibits persons from engaging in conduct that would contravene a sanction law. Sanction laws are specified by the Minister for Foreign Affairs by legislative instrument, and include autonomous sanctions that have been legislated under the Autonomous Sanctions Regulations.

Privacy Laws

The Privacy Act outlines the Australian Privacy Principles that companies need to meet to ensure protection of privacy for individuals. Currently there are 13 privacy principles which cover collection, disclosure, security, access, and management of personal information as well as direct marketing and anonymity requirements.

ADDITIONAL INFORMATION

1 Incorporation

The Company was incorporated and registered in England and Wales on 31 March 2010 as a private limited company under the Act with the name Exchange Solutions Ltd and with the registered number 07209813. On 3 August 2012, we changed our name to TransferWise Ltd.

Our registered office and principal place of business is at 6th Floor Tea Building, 56 Shoreditch High Street, London E1 6JJ, United Kingdom, our LEI number is 213800U4GNTXRFYZKGI8 and our website is www.wise.com. Information contained on our website or application, or the contents of any website accessible from hyperlinks on our website, are not incorporated into and do not form part of this Registration Document.

The principal laws and legislation under which the Company operates and the Shares have been created are the Act and regulations made thereunder.

2 Share Capital

A history of our share capital for the period covered by the Historical Financial Information is set out below. Each class of shares has a nominal value of £0.00001.

As at 1 April 2018, being the first date in the period covered by the Historical Financial Information set out in this Registration Document, the Company's share capital comprised:

Class of Shares	Number of shares	Share capital
		<i>(£)</i>
Ordinary Shares.....	15,417,925	154
Seed Preferred Shares	5,014,000	50
Series A Preferred Shares.....	6,785,000	68
Series B Preferred Shares.....	2,825,300	28
Series C Preferred Shares.....	2,501,286	25
Series D Preferred Shares	871,648	9
Series E Preferred Shares.....	1,535,057	15

Between 1 April 2018 and 31 March 2019, the Company issued 57,957 Shares. Following this, as at 31 March 2019, the Company's share capital comprised:

Class of Shares	Number of shares	Share capital
		<i>(£)</i>
Ordinary Shares.....	15,472,207	155
Seed Preferred Shares	5,014,000	50
Series A Preferred Shares.....	6,785,000	68
Series B Preferred Shares.....	2,828,975	28
Series C Preferred Shares.....	2,501,286	25
Series D Preferred Shares	871,648	9
Series E Preferred Shares.....	1,535,057	15

Between 1 April 2019 and 31 March 2020, the Company issued 653,387 Ordinary Shares of £0.00001. Following this, as at 31 March 2020, the Company's share capital comprised:

Class of Shares	Number of shares	Share capital
		<i>(£)</i>
Ordinary Shares.....	16,125,594	161
Seed Preferred Shares	5,014,000	50
Series A Preferred Shares.....	6,785,000	68
Series B Preferred Shares.....	2,828,975	28
Series C Preferred Shares.....	2,501,286	25
Series D Preferred Shares	871,648	9
Series E Preferred Shares.....	1,535,057	15

Between 1 April 2020 and 31 March 2021, the Company issued 448,318 Shares. There were no Shares issued between 31 March 2021 and the date of this Registration Document. As at 31 March 2021 and as at the date of this Registration Document, the Company's share capital comprised:

Class of Shares	Number of shares	Share capital
		<i>(£)</i>
Ordinary Shares.....	16,573,912	156
Seed Preferred Shares	5,014,000	50
Series A Preferred Shares.....	6,785,000	68
Series B Preferred Shares.....	2,828,975	28

Class of Shares	Number of shares	Share capital
		(£)
Series C Preferred Shares.....	2,501,286	25
Series D Preferred Shares	871,648	9
Series E Preferred Shares.....	1,535,057	15

Save as disclosed above and in “*Employee Share Plans*” and “*Directors’ terms of employment*” below:

- no share or loan capital of the Company has, within three years of the date of this Registration Document, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;
- no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company; and
- no share or loan capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.

3 Articles of Association

The Articles are suitable for a company of the size and with the ownership profile of the Company. They are not comparable to the model articles for a UK private company limited by shares or a UK public limited company.

The Company is considering seeking admission of the shares of a new holding company incorporated in England and Wales to listing on the standard segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange. Should the Company proceed with such public listing, the holding company of the Group and its articles of association would be suitable for a public company in the United Kingdom.

The Articles include provisions to the following effect:

Share classes and rights

Our share capital is made up of the following classes of Shares:

- Ordinary Shares;
- Seed Preferred Shares;
- Series A Preferred Shares;
- Series B Preferred Shares;
- Series C Preferred Shares;

- Series D Preferred Shares; and
- Series E Preferred Shares.

Set out in the paragraphs below is a description of the rights, preferences and restrictions attaching to each class of shares.

Voting Rights

The Preferred Shares and the Ordinary Shares confer on each holder the right to receive notice of and to attend, speak and vote at all of our general meetings and to receive and vote on proposed written resolutions of the Company.

Variation of rights

The special rights attached to any class of shares may only be varied or abrogated with the written consent of the holders of more than 75% in nominal value of the issued shares of that class, save that the special rights attaching to the Preferred Shares may be varied or abrogated with Preferred Special Majority Consent.

Transfer of shares

The Articles permit certain transfers to be made without restriction. Transfers that are not permitted transfers in accordance with the Articles are subject to pre-emption rights. These pre-emption rights can, however, be waived with Preferred Director Consent and the consent of the Preferred Special Majority and an Ordinary Majority.

The Directors have the authority to refuse to register a transfer in certain circumstances, including, but not limited to: (a) a transfer of a Share to a bankrupt, a minor or a person of unsound mind; (b) a transfer in respect of more than one class of Shares; and (c) a transfer in favour of more than four transferees.

The Articles also contain provisions on compulsory transfers, mandatory offers on a change of control, co-sale rights and drag-along rights.

Alteration of share capital

The Articles do not restrict or prohibit the consolidation, subdivision or redemption of our shares or the redenomination or reduction of our share capital, unless it is deemed to vary the special rights attached to any class of Preferred Shares. If deemed to vary such special rights, Preferred Special Majority Consent is needed.

Purchase of own shares

The Articles do not restrict or prohibit us from purchasing our own shares out of capital. Additionally, subject to Preferred Special Majority Consent and the Act, we may purchase our own shares with cash to the extent permitted by the Act.

General Meeting

As a private company limited by shares, we are not required to hold general meetings unless required to do so by the Shareholders under section 303 of the Act.

Directors

Number of Directors

Unless determined otherwise by ordinary resolution, the number of Directors shall be not less than two and not more than six.

Appointment of Directors

A Preferred Special Majority, defined in this instance as holders of at least two-thirds of the Preferred Shares other than Series C Preferred Shares, is entitled to appoint a Director by written notice.

A Series C Majority is entitled to appoint a Director by written notice.

Each of our Executive Founder and OÜ Notorious are entitled to appoint a Director by written notice for so long as: (1) he or it respectively holds shares in the capital of the Company equal to at least 10% of the Shares in issue; and (2) at least one of our Executive Founder or Taavet Hinrikus continues to be employed by us. In addition, for so long as both our Executive Founder and OÜ Notorious have this right, they are entitled together to nominate one independent person who is an industry expert to act as a Director.

A Shareholder Majority is entitled to nominate one independent person who is an industry expert to act as a Director by written notice to the Company. Appointment of the independent person as Director is then subject to approval by Shareholders holding at least 75% of the Shares.

Vacation of Office

The Articles set out various circumstances in which a person shall cease to be a Director, for example, if:

- that person ceases to be a Director by virtue of any provision of the Act or is prohibited from being a Director by law;
- a bankruptcy order is made against that person;
- a composition is made with that person's creditors generally in satisfaction of that person's debts;
- a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- that person resigns from his or her office by giving notice to the Company;
- that person is removed by written notice from the party that appointed him; or
- that person is convicted of a criminal offence (other than a minor motoring offence) which in the reasonable opinion of the Directors would bring us into disrepute and the Directors resolve that his office be vacated.

Alternate Directors

Any Director may appoint any person as he thinks fit to be his alternate Director. An alternate Director's appointment as an alternate shall terminate:

- when the alternate's appointor or a Preferred Special Majority revokes the appointment by giving written notice to the Company;
- on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a Director;
- on the death of the alternate's appointor; or
- when the alternate's appointor's appointment as a Director terminates.

Term of Office

Save as disclosed in "*—Vacation of Office*", the Articles do not contain any other provision relating to the Directors' term of office.

Indemnity of Officers

To the extent permitted by the Act, every Director, officer of the Company (excluding our auditors) and director of any associated company (as defined in section 256 of the Act) is entitled to be indemnified by the Company out of its assets against all liabilities incurred by him/her in relation to his/her duties, powers or office, except for any liability incurred by the director:

- to the Company or any associated company, unless in respect of a provision indemnifying a director of a company (whether or not the Company) that is a trustee of an occupational pension scheme against liability incurred in connection with that company's activities as trustee of the scheme;
- to pay a fine imposed in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirements of a regulatory nature;
- in defending any criminal proceedings in which he is convicted;
- in defending civil proceedings brought by the Company or any associated company in which final judgment is given against the Director, unless in respect of a provision indemnifying a director of a company (whether or not the Company) that is a trustee of an occupational pension scheme against liability incurred in connection with that company's activities as trustee of the scheme; or
- in connection with any application under sections 661(3) or 661(4) or 1157 of the Act (as the case may be) for which the court refuses to grant him relief, unless in respect of a provision indemnifying a director of a company (whether or not the Company) that is a trustee of an occupational pension scheme against liability incurred in connection with that company's activities as trustee of the scheme.

Dividends

Preferred Special Majority Consent is required for us to pay any dividend or make any other distribution. Each shareholder has the right to participate in dividends pro rata to their holding. For this purpose, the different classes of Shares will be ranked *pari passu* as if they constitute a single class of share.

Miscellaneous

The Articles also include further provisions which are suitable for a company of our size and with the ownership profile we have, including the treatment of our assets on a liquidation or return of capital, anti-dilution protections for Shareholders and provisions setting out which rights arise in a situation in which a third party might acquire a controlling interest in us.

The Articles do not contain any description of the Company's objects and purposes.

4 Directors' and Senior Managers' interests

As at the date of this Registration Document, the interests in the share capital of the Company of the Directors and Senior Managers (all of which, unless otherwise stated, are beneficial and include interests of persons connected with a Director or a Senior Manager) are set out below. The interests set out below represent each individual's economic interest in the Shares of the Company and do not represent individual voting interests in the Company.

Director/Senior Manager	Number of Shares	Percentage⁽⁵⁾ of issued share capital
Kristo Käärman.....	7,184,706 ⁽²⁾	19.8%
Matthew Briers ⁽¹⁾	109,841 ⁽³⁾	—
David Wells.....	44,716 ⁽⁴⁾	—
Clare Gilmartin ⁽¹⁾	7,440	—
Taavet Hinrikus.....	4,151,302 ⁽⁶⁾	11.5%
Alastair Rampell.....	—	—
Hooi Ling Tan ⁽¹⁾	— ⁽⁷⁾	—
Ingo Uytdehaage.....	22,000	—

Notes:

- (1) Director designate. Approved by the Board on 2 February 2021 and expected to be formally appointed after regulatory clearances are obtained.
- (2) Consisting of 29,991 Ordinary Shares held indirectly through a 100% interest in Kotilda OÜ.
- (3) Consists exclusively of time-based options over Ordinary Shares under the arrangements described in "—Employee Share Plans". Such options have nominal value exercise prices,

apart from vested options over 7,288 Ordinary Shares, which have an exercise price of £4.15. Of these options, 74,281 Ordinary Shares are vested and the remaining 35,560 Ordinary Shares will vest on a monthly basis until 28 January 2024.

- (4) Consisting of 9,216 Ordinary Shares held through the Wells 2015 Revocable Trust.
- (5) Excluding options and awards over Ordinary Shares under the arrangements described in “—*Employee Share Plans*”.
- (6) Held indirectly through a 100% interest in OÜ Notorious.
- (7) Hooi Ling Tan will receive options over 7,440 Ordinary Shares in connection with her appointment as a Director.

No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors or Senior Managers.

There are no family relationships between any of the Directors and/or the Senior Managers.

5 Directors’ terms of employment

The Directors and their functions are set out in: “*Our Team—Our Directors*”. The business address of each of the Directors is 56 Shoreditch High Street, London E1 6JJ, United Kingdom.

Executive Directors

Term of employment

Kristo Käärman, Taavet Hinrikus and Matthew Briers are currently engaged under service agreements with the Company. The basic salaries of the Executive Directors are reviewed by the Board annually with no obligation to increase salaries following such review. See “*Directors’ and Senior Managers’ Remuneration*” below for details. The Executive Directors do not participate in an annual bonus plan.

Kristo Käärman’s and Taavet Hinrikus’s service agreements are terminable by either party on three months’ written notice. Matthew Briers’ service agreement is terminable by either party on one month’s written notice, increasing by one week based on years of service (up to a maximum of 12 weeks). The Company is also entitled to terminate the Executive Directors’ service agreements with immediate effect by making a payment in lieu of notice equal to the individual Director’s basic annual salary that would have been payable during the notice period in either: (1) one lump sum; or (2) monthly instalments over the unexpired period (which may be reduced by any alternative income earned by the former director within that period).

Pension and other benefits

The Executive Directors (excluding Matthew Briers) are entitled to participate in a stakeholder pension scheme into which the Company makes a contribution of 5% per annum. Kristo Käärman and Matthew Briers are eligible to participate in long term incentive arrangements on a discretionary basis. See “*Employee Share Plans*” below for details.

The Company also provides the Executive Directors with private medical insurance and cover under the directors’ and officers’ liability insurance.

Each Executive Director is entitled to be reimbursed for reasonable expenses incurred during the course of their appointment.

Post-termination undertakings

Each Executive Director is subject to a non-competition covenant for a period of six months after termination of their respective employment arrangements. They are also subject to non-solicitation, non-dealing and non-hiring restrictive covenants for a period of six months (in the case of Kristo Käärman and Taavet Hinrikus) and 12 months (in the case of Matthew Briers) after termination of their respective employment arrangements.

Non-Executive Directors

Term of appointment

Alastair Rampell was appointed as a Non-Executive Director with effect from 11 January 2018 as a representative of the Series C Majority in accordance with the Shareholders’ Agreement. There is not a letter documenting the terms of his appointment. David Wells and Ingo Uytdehaage were appointed as Independent Non-Executive Directors with effect from 17 July 2019, and the terms of their appointments are outlined in letters of appointment dated 22 January 2019. Clare Gilmartin will be appointed as an Independent Non-Executive Director (taking effect once regulatory approval has been obtained), and the terms of her appointment are outlined in a letter of appointment dated 14 January 2021. Hooi Ling Tan will be appointed as an Independent Non-Executive Director (taking effect once regulatory approval has been obtained), and the terms of her appointment are outlined in a letter of appointment dated 24 February 2021.

Each of the Non-Executive Directors (other than Alastair Rampell) is appointed for an initial term of four years unless the appointment is terminated by either party on one month’s written notice. Their appointments are also subject to re-election by the Company’s Shareholders at annual general meetings as required by the Company’s Articles or as the Board resolves. Alastair Rampell’s appointment may be terminated by the Series C Majority under the terms of the Shareholders’ Agreement.

Remuneration and benefits

The Non-Executive Directors have been remunerated for their duties for the Company by the grant of options over Ordinary Shares of the Company as follows:

Non-Executive Directors	Options⁽⁴⁾
David Wells.....	35,500
Clare Gilmartin ⁽¹⁾	7,440
Alastair Rampell.....	—
Hooi Ling Tan ⁽¹⁾	— ⁽²⁾
Ingo Uytdehaage	22,000 ⁽³⁾

Notes:

- (1) Director designate. Approved by the Board on 2 February 2021 and expected to be formally appointed after regulatory clearances are obtained.
- (2) Hooi Ling Tan will receive options over 7,440 Ordinary Shares in connection with her appointment as a Non-Executive Director designate.
- (3) Includes 11,916 options which vested on 15 April 2021.
- (4) Options have a nominal exercise price of £0.00001 or less, or U.S.\$22.42 in the case of David Wells.

The Non-Executive Directors are entitled to reimbursement of reasonable and properly incurred expenses (including travel expenses). For Board meeting attendance, the Company covers the cost of return business class flights and two nights' accommodation.

The Non-Executive Directors have the benefit of a qualifying third-party indemnity from the Company (the terms of which are in accordance with the Act) and directors' and officers' liability insurance.

Director service agreements

Save as set out above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

Directors' and Senior Managers' Remuneration

Under the terms of their service contracts or letters of appointment (as applicable) and applicable incentive plans, in the financial year ended 31 March 2021, the Directors were remunerated as set out below:

Name	Position	Annual Salary or Fees (£)	Other Benefits (£)	Date of Joining the Board
Kristo Käärman	Chief Executive Officer	£197,000	£510	31 March 2010
Matthew Briers	Chief Financial Officer	£240,000	£510	2 February 2021 ⁽¹⁾
David Wells	Senior Independent Non-Executive Director	—	—	17 July 2019
Clare Gilmartin	Independent Non-Executive Director	—	— ⁽³⁾	2 February 2021 ⁽¹⁾
Taavet Hinrikus	Executive Chairman	£19,700 ⁽²⁾	£510	8 November 2011
Alastair Rampell	Non-Executive Director	—	—	11 January 2018
Hooi Ling Tan	Independent Non-Executive Director	—	— ⁽³⁾	2 February 2021 ⁽¹⁾
Ingo Uytdehaage	Independent Non-Executive Director	—	—	17 July 2019

Notes:

- (1) Director designate. Approved by the Board on 2 February 2021 and expected to be formally appointed after regulatory clearances are obtained.
- (2) Taavet Hinrikus's salary reflects his employment of 10% of a full-time equivalent employee.
- (3) The Non-Executive Director designates were not appointed as Directors and did not provide services in FY2021. Clare Gilmartin was granted the options referred to in "Directors' and Senior Managers' interests" during FY2021 in anticipation of providing services in FY2022. Hooi Ling Tan has not yet been granted the options referred to in "Directors' and Senior Managers' interests". The options will be granted in respect of services in FY2022.

Under the terms of their service contracts and applicable incentive plans, the aggregate remuneration and benefits in kind paid or granted (as applicable) to the Directors and Senior Managers during the financial year ended 31 March 2021 for services in all capacities was approximately £458,230.00.

There is no arrangement under which any Director has waived or agreed to waive future emoluments, nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Registration Document.

Directors' and Senior Managers' current and past directorships and partnerships

Set out below are the directorships and partnerships held by the Directors and Senior Managers (other than, where applicable, directorships held in the Company and its subsidiaries and the subsidiaries of the companies listed below) in the five years prior to the date of this Registration Document:

Name	Current directorships/ partnerships	Past directorships/ partnerships
Kristo Käärman	<ul style="list-style-type: none"> • Tuleva Tulundusühistu • Kotilda OÜ • ActiveHours, Inc. 	—
Matthew Briers	—	—
David Wells	<ul style="list-style-type: none"> • Trade Desk, Inc. • Hims & Hers Health, Inc. 	<ul style="list-style-type: none"> • Netflix, Inc.
Clare Gilmartin	<ul style="list-style-type: none"> • Get Your Guide, Inc. 	<ul style="list-style-type: none"> • Trainline, plc.
Taavet Hinrikus	<ul style="list-style-type: none"> • OÜ Notorious • Veriff Inc. • Extracover Holdings Limited (Zego) • Certific Ltd. • Novastop OÜ • MTÜ Back To Work 	<ul style="list-style-type: none"> • Kala House OÜ • Tartu Apartments OÜ • OÜ Wineventure
Alastair Rampell	<ul style="list-style-type: none"> • Andreessen Horowitz Fund IV, L.P • ActiveHours, Inc. • Branch International, Inc. • Brightside Benefit, Inc. • Descript, Inc. • Divvy Homes, Inc. • FlyHomes, Inc. • Loft Holdings, Ltd. • Peer Street, Inc. • Point Digital Finance, Inc. • Propel, Inc. • Rally Network, Inc. • Forte Labs, Inc. 	<ul style="list-style-type: none"> • Quantopian, Inc. • Rival Labs, Inc. • TXN Solutions, Inc. • CashStar, Inc. • KCG Holdings, Inc.

Name	Current directorships/ partnerships	Past directorships/ partnerships
	<ul style="list-style-type: none"> • SentiLink Corp. • Super Evil Mega Corp, Inc. • Very Good Security, Inc. • Steadman Philippon Research Institute 	
Hooi Ling Tan	<ul style="list-style-type: none"> • Grab Holdings, Inc. • Singapore Economic Development Board • National University of Singapore 	—
Ingo Uytdehaage	<ul style="list-style-type: none"> • Adyen N.V. • FOAM-Fotografiemuseum Amsterdam 	—

Within the period of five years preceding the date of this Registration Document, none of the Directors:

- has had any convictions in relation to fraudulent offences;
- has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company; or
- has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of or within a 12 month period preceding any bankruptcy, receivership, liquidation or entry into administration of such company.

Conflicts of interest

There are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Company and their private interests or other duties.

6 Principal Shareholders

In so far as is known to the Directors, the following are the interests (within the meaning of Part 22 of the Act) which represent, directly or indirectly, 3% or more of the issued share capital of the Company as at the date of this Registration Document:

Shareholder	Shares outstanding in the Company
	(%)
Kristo Käärman ⁽¹⁾	19.8%
Taavet Hinrikus ⁽²⁾	11.5%
Valar.....	10.8%
IA Ventures.....	10.1%
Andreessen Horowitz.....	9.8%
Baillie Gifford.....	5.2%
D1.....	4.1%
IVP.....	3.9%

Notes:

- (1) Consisting of 29,991 Ordinary Shares held indirectly through a 100% interest in Kotilda OÜ.
(2) Held indirectly through a 100% interest in OÜ Notorious.

Save as disclosed above, in so far as is known to the Directors, there is no other person who is, as at the date of this Registration Document, directly or indirectly, interested in 3% or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

7 Employee Share Plans

Introduction

The Company has granted options and awards over Ordinary Shares to employees and Directors (some of which are held by former employees) under the following arrangements:

- the 2021 EIP;
- the 2016 Option Plan;
- the 2015 CSOP, and
- option contracts entered into in or prior to 2015.

The Company currently operates the 2021 EIP and no further options will be granted under the 2016 Option Plan, the 2015 CSOP or any other option contracts entered into in or prior to 2015.

The exercise of options and the vesting of awards under all of these arrangements may be satisfied by the new issue or transfer of Ordinary Shares.

2021 EIP

The Company currently operates the 2021 EIP, under which EIP Awards can be granted to employees. The 2021 EIP was adopted by the Company on 1 January 2021.

There are outstanding EIP Awards over 116,049 Ordinary Shares, of which EIP Awards over 9,986 Ordinary Shares are vested as to time and EIP Awards over 106,063 Ordinary Shares are unvested. The key terms of the 2021 EIP are set out below.

Exercise price and nominal price

EIP Awards can be granted in the form of nominal cost options, options subject to an exercise price, RSUs and/or PSUs. To date, EIP Awards have been granted in the form of nominal cost options and RSUs.

All EIP Awards are subject to the payment of an exercise price, equal to the nominal value of an Ordinary Share, or such higher amount as is specified at grant in the case of market value options, unless the Company waives such requirement.

Vesting and exercise

EIP Awards normally vest to the extent any applicable performance conditions and time-based vesting conditions (which generally run for four years from grant) are satisfied and, other than for EIP Awards intended to comply with certain US tax legislation, are also subject to the occurrence of a specified exercise trigger.

All granted EIP Awards are subject to time-based vesting conditions but not performance conditions.

The specified exercise triggers comprise, in summary, an admission of Ordinary Shares to trading; a disposal of the whole of the Ordinary Shares or such other sale as is approved by a Shareholder Majority or (following an admission of Ordinary Shares to trading) the Board; a sale of more than 75% of the trade and assets of the Group; and/or an establishment or the operation of a market in the Ordinary Shares as determined by the Board.

Following vesting, EIP Awards may be subject to a holding period. This does not apply to any of the EIP Awards granted to date.

EIP Awards in the form of options can only be exercised to the extent vested and after the end of any applicable holding period. Options will lapse, at the latest, on the tenth anniversary of the grant date if not exercised or otherwise lapsed by such time.

On vesting of an RSU or a PSU and after the end of any applicable holding period, the relevant number of Ordinary Shares will be issued or transferred to the participant.

Leaving the Group

An EIP Award will lapse if the participant's employment is terminated for cause.

If the participant leaves employment before the end of applicable time-based vesting period for any other reason, EIP Awards generally lapse. However, the Board may decide that the EIP Awards will continue and vest and be released at the normal time or, other than EIP Awards intended to comply with certain US tax legislation, that they will vest on leaving. In either case, the Board will determine the level of vesting taking account of early leaving and the satisfaction of applicable performance conditions at the time of vesting.

If the participant dies before the end of the applicable vesting period, EIP Awards lapse unless the Board determines that they will, at the time of death, vest and be released to the extent described above.

If a participant leaves after the end of the applicable vesting period but before the EIP Awards have vested, EIP Awards will continue to vest and be released at the normal time or, in the case of death or if the Board decides, at the time of death or leaving employment.

Corporate events

On the occurrence of any corporate event which constitutes a specified exercise trigger, as referred to above, or in any other exceptional circumstances affecting the Company as determined by the Board, EIP Awards will vest to the extent that any performance conditions and vesting conditions are satisfied or waived.

In the case of an event other than an admission of Ordinary Shares to trading, options will lapse to the extent not exercised. Following an admission of Ordinary Shares to trading, unvested EIP Awards continue to remain outstanding and capable of vesting subject to their terms (and options vested at the time of admission of Ordinary Shares to trading remain capable of exercise).

In the event of a disposal of the whole of the Ordinary Shares (including by way of general offer or scheme of arrangement) or such other sale as is approved by a Shareholder Majority or (following an admission of Ordinary Shares to trading) the Board, or where there is an internal reorganisation, instead of vesting as described above EIP Awards can be exchanged for equivalent awards over shares in a different company.

If the Company is affected by any variation in share capital, a demerger, delisting, special dividend or other event that may in the Board's opinion materially affect the current or future value of Ordinary Shares, the Board may allow EIP Awards to vest to such extent as they determine.

Adjustments

The number of Ordinary Shares subject to EIP Awards and/or the terms of EIP Awards can be adjusted in the event of any variation of the share capital of the Company; or a demerger, delisting, special dividend or other event that may, in the opinion of the Board, affect the current or future value of Ordinary Shares.

Amendments

The Board can amend the terms of the 2021 EIP, save that certain amendments to the material disadvantage of existing participants require consent.

Miscellaneous

Benefits under the 2021 EIP are not pensionable.

2016 Option Plan

The 2016 Options have been granted to certain employees and Directors (some of whom are former employees) and certain non-employees under the 2016 Option Plan adopted by the Company on 15 June 2016 and amended on 27 February 2019. The 2016 Options comprise both 2016 Approved Options and 2016 Unapproved Options.

As at the date of this Registration Document, there are outstanding 2016 Options over 2,641,977 Ordinary Shares, of which 2016 Options over 1,648,129 Ordinary Shares are vested and 2016 Options over 993,848 Ordinary Shares are unvested. The key terms of the 2016 Options are set out below.

Exercise price

The exercise prices of outstanding 2016 Options range from U.S.\$0.00001 per Ordinary Share to £104.64 per Ordinary Share.

Vesting and exercise

The 2016 Options vest to the extent the applicable time-based vesting conditions (which generally run for four years from grant) are satisfied. The 2016 Options can generally only be exercised to the extent vested on the occurrence of a specified exercise trigger.

The specified exercise triggers comprise, in summary: (1) an admission of Ordinary Shares to trading; (2) a disposal of the whole of the Ordinary Shares (other than a disposal to a new holding company or a connected person) or such other sale as is approved by a Shareholder Majority; (3) a sale of more than 75% of the trade and assets of the Group; (4) a longstop date of nine years and nine months from the commencement of the vesting period; or (5) for 2016 Options other than the 2016 Approved Options, any other circumstances in the Board's discretion.

The 2016 Options cease to be exercisable, at the latest, ten years after the date of grant.

Leaving the Group

Unvested 2016 Approved Options lapse on leaving employment.

Generally, vested 2016 Approved Options also lapse when the participant leaves employment. However, if a participant leaves employment due to injury, disability, redundancy, retirement, a relevant transfer of employment, or their employing company ceasing to be part of the Group, vested 2016 Approved Options can be exercised within 90 days of leaving employment, or such longer period as the Board determines. If a participant voluntarily leaves employment (other than in circumstances where they could be dismissed for cause), or leaves in any other circumstances as the Board decides, the Board can at its discretion permit vested 2016 Approved Options to be exercised within such period as the Board determines. Where the 2016 Approved Options can be exercised in such circumstances but are not exercised within the relevant period, they continue and can become exercisable on the occurrence of a subsequent specified exercise trigger.

If a participant dies, vested 2016 Approved Options, other than 2016 Approved Options intended to comply with certain US tax legislation, can be exercised for 12 months following the date of death, and lapse at the end of such period. Such vested 2016 Approved Options intended to comply with certain US tax legislation can be exercised within such period as the Board determines.

Generally, 2016 Unapproved Options lapse on a participant leaving employment. However, if the participant leaves employment in the circumstances specified above, the Board may, in its discretion, allow unvested 2016 Unapproved Options to vest immediately, and vested 2016 Unapproved Options to be exercised within a period set at the Board's discretion. To the extent not exercised, vested 2016 Unapproved Options continue and are exercisable on the occurrence of a subsequent specified exercise trigger or any other circumstances specified by the Board.

Corporate events

On the occurrence of any corporate event which constitutes a specified exercise trigger, as referred to above, a change of control by way of general offer for the Company, or any other exceptional circumstances affecting the Company as determined by the Board, or in the case of 2016 Approved Options, a compulsory acquisition of Ordinary Shares, a scheme of arrangement, or the winding up of the Company, vested 2016 Options may be exercised within a set period.

In the case of an event other than an admission of Ordinary Shares to trading, options will lapse to the extent not exercised. Following an admission of Ordinary Shares to trading, unvested 2016 Options continue to remain outstanding and capable of vesting and exercise subject to their terms.

For the 2016 Options, in the event of certain defined change of control or sale events, or an internal reorganisation, instead of vesting as described above, 2016 Options can (in some cases, subject to the agreement of the participant) be exchanged for equivalent options over shares in a different company.

Adjustments

The number of Ordinary Shares subject to a 2016 Option, the exercise price and/or the description of Ordinary Shares subject to the option may be adjusted in the event of a variation of the share capital of the Company, including (but not limited to) by way of a specified capitalisation issue, rights issue, subdivision, consolidation or reduction.

Amendments

The Board can amend the terms of the 2016 Option Plan, save that certain amendments that adversely affect the rights of existing participants, and/or amendments to the terms of 2016 Unapproved Options, require consent of the participant.

Miscellaneous

Benefits under the 2016 Option Plan are not treated as pensionable other than as required by law.

2015 CSOP and other options granted in or prior to 2015

Historic Options have been granted to employees of the Group (some of whom have since left employment) and certain non-employees. Historic Options comprise 2015 CSOP Options, EMI Options and Pre-2016 Unapproved Options.

As at the date of this Registration Document, there are outstanding Historic Options over 866,352 Ordinary Shares, all of which are vested. No further options will be granted under these arrangements. The key terms of the Historic Options are set out below.

Exercise price

The exercise prices of the outstanding Historic Options range from U.S.\$0.00369 per Ordinary Share to U.S.\$6.76 per Ordinary Share.

Vesting and exercise

All Historic Options are vested and will therefore (to the extent still outstanding) become exercisable on the occurrence of a specified exercise trigger.

The specified exercise triggers comprise: (1) an admission of Ordinary Shares to trading; (2) a sale of more than 75% of the trade and assets of the Group; (3) a change in control by way of general offer; (4) in the case of EMI Options and Pre-2016 Unapproved Options, a disposal of the whole of the Ordinary Shares (other than for the purposes of an internal reorganisation), such other sale as is approved by a Shareholder Majority, or any other circumstances in the discretion of the Board; and (5) in the case of 2015 CSOP Options, a scheme of arrangement affecting all Ordinary Shares, a non-UK reorganisation or a compulsory acquisition of Ordinary Shares or the acquisition of the majority of Ordinary Shares.

The Historic Options cease to be exercisable, at the latest, ten years after grant.

Leaving the Group

The Historic Options held by current employees will lapse on leaving employment, unless a participant leaves employment due to injury, disability, illness, redundancy, voluntarily leaving (other than in circumstances where they could have been dismissed for cause), death, any other reason in the Board's discretion, and in the case of 2015 CSOP Options, retirement, a relevant transfer of employment, or their employing company ceasing to be controlled by the Company.

In such case, options can be exercised with defined periods (of up to 90 days, or one year in the case of death) of ceasing employment, and to the extent not exercised either will lapse or will continue and may be exercised on the subsequent occurrence of a specified exercise trigger or in any other circumstances specified by the Board.

Corporate events

On the occurrence of any corporate event which constitutes a specified exercise trigger, as referred to above, or in any other exceptional circumstances affecting the Company as determined by the Board, vested Historic Options will be exercisable during a specified period and generally will then lapse.

Following an admission of Ordinary Shares to trading, the Historic Options will remain outstanding and capable of exercise during such periods as the Board specifies.

In certain circumstances, instead of becoming exercisable, the Historic Options can be exchanged for equivalent options over shares in another company.

Adjustments

Generally, the number of Ordinary Shares subject to a Historic Option and/or the exercise price may be adjusted in the event of a variation of the share capital of the Company by way of capitalisation or rights issue, subdivision, consolidation or reduction; or a special dividend or (save in respect of certain of the Historic Options) other event that may affect the value of the Historic Option, subject to certain conditions.

Amendments

The Board can amend the terms of the option contracts with consent of the participant. The Board can amend the terms of the 2015 CSOP, save that certain amendments can only be made with consent of the participant.

Miscellaneous

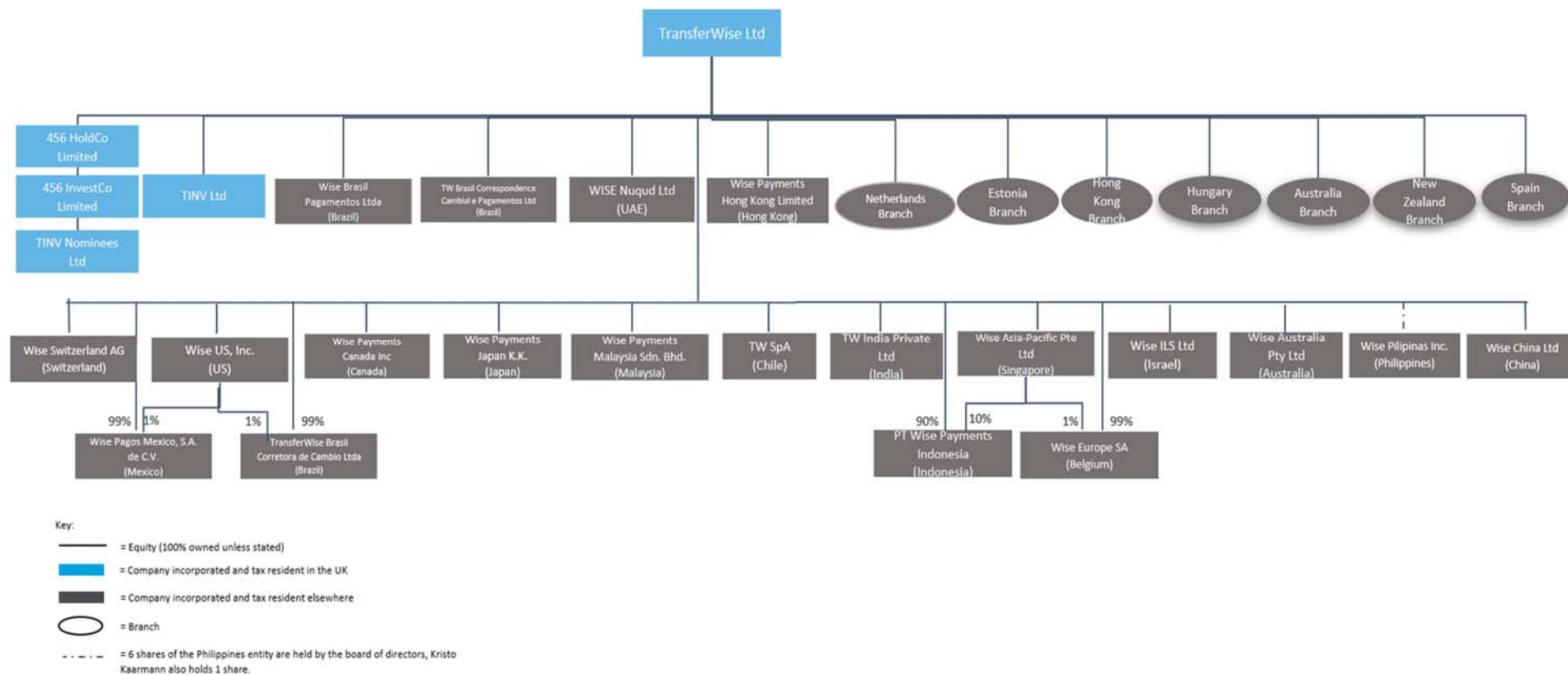
Benefits in respect of the Historic Options are not treated as pensionable other than as required by law.

8 Pensions

The Company and its subsidiaries have not set aside or accrued any amounts to provide pension, retirement or similar benefits. All pension arrangements provided are defined contribution benefits.

9 Group structure

The following structure chart illustrates the Group structure as at the date of this Registration Document.



For information on the Company's subsidiaries and subsidiary undertakings, see Note 10 of Part B of "Our Historical Financial Information".

10 Dividend Policy

While we've made great progress, we still have a long way to go to achieve our mission. We will continue to re-invest our margins into our infrastructure and products while focusing on our customers and their experience. We believe this will drive volume and scale, and will ultimately be the best way to grow long-term shareholder value. We will review our dividend policy on an ongoing basis, but do not expect to declare or pay any dividends for the foreseeable future.

11 Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this Registration Document which are, or may be, material to the Company or any member of the Group; or (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Registration Document:

Multicurrency Revolving Facilities Agreement

TransferWise Ltd, Wise Australia Pty Ltd, TransferWise Europe SA and TransferWise Inc. (each as original borrowers and original guarantors), Silicon Valley Bank, Citibank N.A., London Branch, JPMorgan Chase Bank N.A., London Branch and National Westminster Bank plc as original lenders and Silicon Valley Bank as agent, security agent and mandated lead arranger entered into a multicurrency revolving facility agreement dated 30 March 2021. Under the terms of the MRFA, the Original Lenders agree to make available to the Borrowers a multicurrency revolving loan facility in an aggregate amount equal to £160 million as at the date of the MRFA. Subject to certain conditions therein, the Company may increase the total commitments available under the MRFA in an aggregate amount of up to £90 million. The MRFA terminates on the third anniversary of the date of the MRFA, subject to a maximum of two one-year extensions in accordance with the terms contained therein.

Commitments under the MRFA may be made available in the form of a revolving loan facility or ancillary facilities. The Borrowers may use all amounts borrowed under the MRFA towards the general corporate and working capital purposes of the Group and the refinancing of existing indebtedness.

Loans made under the MRFA will bear interest at a rate equal to SONIA (in the case of loans made in sterling), LIBOR, switching to SOFR upon the occurrence of certain pre-agreed trigger events (in the case of loans made in US dollars), EURIBOR (in the case of loans made in euros) and the Australian Bank Bill Swap Reference Rate (in the case of loans made in Australian dollars) (in each case, subject to a zero floor), plus a margin of 2.0% to 2.5% determined by reference to Adjusted Leverage (calculated as a ratio of Senior Debt to Adjusted EBITDA in respect of that Relevant Period).

The MRFA contains certain customary representations, information undertakings and covenants. In addition, the MRFA includes financial covenants which require that (i)

Adjusted Leverage does not exceed a ratio of 3:1 in respect of any Relevant Period and (ii) Interest Cover (calculated as a ratio of Adjusted EBITDA to Finance Charges in accordance with the terms of the MRFA) is not less than a ratio of 4:1 in respect of any Relevant Period. Currently, these covenants are tested on a quarterly basis. Following any admission of the company's shares to trading on any recognised investment exchange, the covenants will be tested on a semi-annual basis.

The obligations of the Obligors under the MRFA are secured by the granting of certain customary security interests and charges in favour of the Security Agent, including, at the date of this Registration Document, a charge over the shares in certain of the Company's subsidiaries, and a fixed and floating charge over substantially all present and future assets and undertakings of the Company, excluding customer funds, partner collateral funds, share capital or other equity interests or equity contributions maintained for regulatory purposes, cash paid into a bank or collateral account of the Group in connection with, and for the benefit of, relevant card scheme providers and assets held in safeguarded accounts which are designated to be segregated for regulatory purposes or which are otherwise segregated for regulatory purposes.

As at 14 June 2021, an aggregate principal amount equal to £105 million was outstanding under the MRFA.

Shareholders' Agreement

The Company, together with its Shareholders, is party to the Shareholders' Agreement, which regulates the relationship between the Shareholders as shareholders in the Company.

The Shareholders' Agreement contains provisions that, together with the Articles, govern matters such as: reserved matters which require the approval of Shareholders (or the holders of particular classes of shares, as the case may be) and/or Directors; Board composition and appointment rights; capital contribution requirements; certain non-solicit and non-compete provisions; Shareholder information rights and confidentiality restrictions; and exit events (including sale processes and initial public offerings), as well as corporate governance matters.

12 Litigation

Save as referred to below, there are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Registration Document, which may have, or have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability.

Wise is currently engaged in a dispute with a Brazilian financial institution, MS Bank. Wise has filed a lawsuit pending service of process in the High Court of Justice, Business and Property Courts of England and Wales, Commercial Court for the return of £6.0 million (comprising approximately U.S.\$7.5 million and R\$4 million) that were held in a liquidity pool for Wise transactions and are being improperly retained by MS Bank in violation of an applicable contract. Wise is also claiming damages, interest and costs in relation to

this matter, the amount of which cannot be accurately estimated at this time. The matter is ongoing, and we cannot predict its outcome at this time. We have recorded a £6.7 million specific provision relating to the liquidity pool (£6.0 million) and accounts receivable from MS Bank (£0.7 million) in our financial statements for FY2021. We have not recorded any additional provision with respect to this matter in our financial statements for FY2021.

Wise also obtained an injunction against MS Bank in Brazil related to certain improper communications, to which MS Bank has filed an appeal, as well as defences and counterclaims. These matters are under seal. MS Bank has indicated its intent to seek indemnification from Wise for tax claims and fines imposed by the Brazilian taxation authorities and/or the Central Bank of Brazil against MS Bank, although no legal action has been commenced against Wise at this time. The full amount of this potential claim is currently unknown. MS Bank has also filed claims regarding the return of customer data, which have not been fully particularised, and may bring other claims arising out of the terminated relationship with Wise, regardless of the merits of any such claims.

Furthermore, we understand that at the instigation of MS Bank, the Federal Police Department in Parana State, where MS Bank is headquartered, will be opening an investigation related to this terminated relationship. According to the prosecutor's report, MS Bank has made criminal allegations of tax evasion and violations of exchange controls. Although under Brazilian law, the opening of an investigation does not imply any finding of criminality and we do not believe any crime has occurred, we intend to co-operate with the authorities to resolve the matter.

13 Related party transactions

Save as described in Note 21 of Part B of "*Our Historical Financial Information*", there are no related party transactions between the Company or members of the Group and related parties.

14 No significant change

There has been no significant change in the financial position or financial performance of the Group since 31 March 2021, the date to which the latest audited historical financial information of the Group was prepared.

15 Statutory auditors and reporting accountants

Our auditors and reporting accountants are PricewaterhouseCoopers LLP, whose registered address is at 1 Embankment Place, London, WC2N 6RH, United Kingdom. PricewaterhouseCoopers LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

16 Consents

PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the inclusion in this Registration Document of its Accountants' Report on the Historical Financial Information in Part A of "*Our Historical Financial Information*", and has

authorised the contents of this report as part of this Registration Document for the purposes of item 1.3 of Annex 1 of the Prospectus Regulation.

EDC has given and has not withdrawn its written consent to the inclusion of the information from its report in this Registration Document and has authorised the content which has been sourced to EDC for the purposes of item 1.3 of Annex 1 of the Prospectus Regulation.

EDC accepts responsibility for the inclusion of the information in this Registration Document which has been sourced from EDC and declares that, for the purposes of item 1.2 of Annex 1 of the Prospectus Regulation, to the best of its knowledge, such information is in accordance with the facts and contains no omission likely to affect its import.

17 Legal advisers

Our English and U.S. legal advisers are Linklaters LLP, whose registered address is One Silk Street, London EC2Y 8HQ, United Kingdom.

18 Responsibility

The Directors of the Company, whose names appear in “*Our Team—Our Directors*”, and the Company accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Directors and the Company, the information contained in this Registration Document is in accordance with the facts and this Registration Document makes no omission likely to affect its import.

19 General

No representation or warranty, express or implied, is made and no responsibility or liability is accepted by any person, other than the Company and the Directors, as to the accuracy, completeness, verification or sufficiency of the information contained herein, and nothing in this Registration Document may be relied upon as a promise or representation in this respect, as to the past or future. No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company or the Directors. The delivery of this Registration Document shall not, under any circumstances, create any implication that there has been no change in our business or affairs since the date of this Registration Document or that the information contained herein is correct as of any time subsequent to its date.

This Registration Document speaks only as of the date hereof. The contents of this Registration Document are not to be construed as legal, business or tax advice. This Registration Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by us, our Directors, or any of our advisers or any of their respective affiliates or representatives regarding the securities of the Company.

20 Presentation of Information

Financial information

The financial information in this Registration Document, and consolidated historical financial information included in Part B of “*Our Historical Financial Information*”, has been prepared in accordance with the requirements of the Prospectus Regulation and in accordance with IFRS. The significant IFRS accounting policies applied in our financial information are applied consistently in the financial information in this Registration Document.

None of the financial information used in this Registration Document has been audited in accordance with U.S. GAAS or auditing standards of the PCAOB. In addition, there could be other differences between the standards issued by the Auditing Practices Board in the United Kingdom and those required by U.S. GAAS or the auditing standards of the PCAOB.

The financial information contained in this Registration Document does not amount to statutory accounts within the meaning of section 434(3) of the Act.

Non-IFRS Financial Information

This Registration Document contains several key metrics that we use to track the financial and operating performance of our business, including Adjusted EBITDA, Adjusted EBITDA margin, Cash Conversion, Free Cash Flow, gross profit margin, active customers, volume, volume per customer, total take rate, cross-currency take rate and other fees. These measures are derived from our internal financial and analytics systems but, with the exception of Adjusted EBITDA, have not been audited. Further, as these measures are not determined in accordance with IFRS, and are thus susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies. For more information on the definition and calculation of these metrics, see “*Definitions and Glossary*”. For a reconciliation to our reported historical financial information prepared on an IFRS basis, where relevant, see, “*Our Operating and Financial Review—Key operating and financial metrics*”.

Market, economic and industry data

Unless the source is otherwise stated, the information contained in this Registration Document related to markets, market sizes, market shares, market positions, economic and industry data in this Registration Document constitute the Directors’ estimates, using underlying data from independent third parties.

Market data and certain industry forecasts used in this Registration Document are sourced from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including publications and data compiled by EDC.

The Company confirms that all third-party data contained in this Registration Document has been accurately reproduced and, so far as we are aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. While the Directors believe the

third-party information included herein to be reliable, we have not independently verified such third-party information, and we make no representation or warranty as to the accuracy or completeness of such information as set forth in this Registration Document.

Where third-party information has been used in this Registration Document, the source of such information has been identified.

Rounding

Certain data in this Registration Document, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this Registration Document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

Information regarding forward-looking statements

This Registration Document includes forward-looking statements which involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "shall", "intends", "estimates", "aims", "plans", "continues", "assumes", "positioned", "anticipates" or "targets" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Registration Document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the future results of operations, financial condition, prospects, growth and strategies of the Group and the industry in which we operate. In particular, the statements under the headings "*Risk Factors*", "*About Wise*" and "*Our Operating and Financial Review*" regarding our strategy, targets and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Registration Document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties we face. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied, in such forward-looking statements.

Such forward-looking statements contained in this Registration Document speak only as of the date of this Registration Document. We, our Directors and advisers expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Regulation Rules, the Listing Rules, the MAR or the Disclosure Guidance and Transparency Rules of the FCA.

21 Documents available for inspection

Copies of the Articles and the consent letter referred to in paragraph 16 (Consents) above will be available on our website, at www.wise.com/owners, for a period of 12 months following the date of this Registration Document.

This Registration Document will be published in electronic form and be available on our website at www.wise.com/owners.

The date of this Registration Document is 17 June 2021.

DEFINITIONS AND GLOSSARY

The following definitions apply throughout this Registration Document unless the context requires otherwise:

“2015 CSOP”	TransferWise 2015 Company Share Option Plan adopted by the Company in 2015
“2015 CSOP Options”	options over Ordinary Shares granted under the 2015 CSOP
“2016 Approved Options”	2016 Options granted as UK tax advantaged options and/or designed to comply with certain US tax legislation
“2016 Option Plan”	TransferWise 2016 Company Share Option Plan adopted by the Company on 15 June 2016 and amended on 27 February 2019
“2016 Options”	options over Ordinary Shares granted under the 2016 Option Plan
“2016 Unapproved Options”	2016 Options which are not 2016 Approved Options
“2021 EIP”	TransferWise 2021 Equity Incentive Plan adopted by the Company on 1 January 2021
“ABC”	anti-bribery and corruption
“Accountants’ Report on the Historical Financial Information”	accountants’ report of PricewaterhouseCoopers LLP on the financial information of the Group for the years ended 31 March 2021, 2020 and 2019 set out in Part B of “ <i>Our Historical Financial Information</i> ”
“Act” or “Companies Act”	the UK Companies Act 2006, as amended, modified or re-enacted from time to time
“active customers”	total number of unique customers who have completed at least one cross-currency transaction in a given period
“ADI”	authorised deposit-taking institution
“Adjusted EBITDA”	profit for the year before income taxes, interest, depreciation and amortisation, share-based compensation expense and exceptional items. For a reconciliation to our reported historical financial information prepared on an IFRS basis, see “ <i>Our Operating and Financial Review—Key operating and financial metrics</i> ”
“Adjusted EBITDA margin”	Adjusted EBITDA divided by revenue. For a reconciliation to our reported historical financial information prepared on an IFRS basis, see “ <i>Our</i>

Operating and Financial Review—Key operating and financial metrics

“AFS”	Australian Financial Services
“AML”	anti-money laundering
“AML/CTF Rules”	Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No.1) (Cth)
“Andreessen Horowitz”	AH Parallel Fund IV, L.P., as nominee, Andreessen Horowitz LSV Fund I, L.P and Andreessen Horowitz Fund IV, L.P., as nominee
“API”	application programming interface
“APP fraud”	Authorised Push Payment fraud
“APRA”	Australian Prudential Regulatory Authority
“Articles”	the current Articles of Association of the Company
“ASIC”	Australian Securities and Investments Commission
“AUSTRAC”	Australian Transaction Reports and Analysis Centre
“Australian AML/CTF Act”	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)
“Australian Bank Bill Swap Reference Rate”	the Australian Bank Bill Swap Reference Rate administered by ASX Benchmarks Pty Limited
“Australian Banking Act”	the Banking Act 1959 of Australia
“AWS”	Amazon Web Services
“B2B”	business to business
“Baillie Gifford”	Scottish Mortgage Investment Trust plc, Host-Plus Pty Limited, Vision Super Pty Ltd, Interventure Equity Investments Limited, The States of Jersey Public Employees Contributory Retirement Scheme, The Schiehallion Fund Limited, The Board of Trustees of the Saskatchewan Healthcare Employees Pension Plan, Meyer Memorial Trust and Warman Investments Pty Limited
“BEAR”	Banking Executive Accountability Regime
“Board”	the board of directors of TransferWise Ltd
“Borrower”	each of TransferWise Ltd, Australia Pty Ltd, TransferWise Europe SA and TransferWise Inc as original borrowers under the MRFA, together with any other company from time to time party to the MRFA as borrower
“Brexit”	the United Kingdom’s departure from the European Union under Article 50 of the 2009 Lisbon Treaty

“BSA/PATRIOT Act”	the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001
“CAGR”	compound annual growth rate
“Cash Conversion”	Free Cash Flow divided by Adjusted EBITDA. For a reconciliation to our reported historical financial information prepared on an IFRS basis, see “ <i>Our Operating and Financial Review—Key Operating and Financial Metrics</i> ”
“CEO” or “Chief Executive Officer”	the chief executive officer of the Company
“CFO” or “Chief Financial Officer”	the chief financial officer of the Company
“Company” or “TWL”	TransferWise Ltd
“CRD”	Capital Requirements Directive (2013/36/EU)
“CRD IV”	the Capital Requirements Regulation (575/2013) and Capital Requirements Directive (2013/36/EU), together
“CRM”	the Contingent Reimbursement Model
“cross-currency take rate”	total fees on international transfers as a proportion of volume
“customer price”	average price on international transfers based on a fixed basket of representative currencies
“CRR”	Capital Requirements Regulation (575/2013)
“CTF”	counter-terrorist financing
“D1”	D1 Capital Partners Master LP
“DFAT”	Department of Foreign Affairs & Trade of the Federal Government of Australia
“Directors”	the directors of the Company, including Director designates
“EDC”	Edgar, Dunn & Company
“EEA”	European Economic Area
“EFTA”	the Electronic Funds Transfer Act
“EIP Awards”	options and restricted share units over Ordinary Shares granted under the 2021 EIP
“EMI”	FCA Authorised E-money Institution
“EMI Options”	options over Ordinary Shares granted under certain contracts entered into in or prior to 2015 as UK tax advantaged Enterprise Management Incentive options
“EMRs”	Electronic Money Regulations 2011

“EU”	the European Union
“EURIBOR”	the euro interbank offered rate administered by the European Money Markets Institute
“euro” or “€”	the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended
“Executive Chairman”	Taavet Hinrikus
“Executive Directors”	the executive Directors of the Company, who are Kristo Käärman, Taavet Hinrikus and Matthew Briers as a Director designate
“Executive Founder”	Kristo Käärman
“FAST”	the Fast and Secure Transfers in Singapore
“FCA”	the Financial Conduct Authority
“FCA Handbook”	FCA Handbook of Rules and Guidance
“Finance Charges”	has the meaning given to such term in the MRFA
“FY2017”	the financial year ended 31 March 2017
“FY2018”	the financial year ended 31 March 2018
“FY2019”	the financial year ended 31 March 2019
“FY2020”	the financial year ended 31 March 2020
“FY2021”	the financial year ended 31 March 2021
“FY2022”	the financial year ending 31 March 2022
“FinCEN”	US Department of Treasury Financial Crimes Enforcement Network
“FOS”	Financial Ombudsman Service
“FPS”	Faster Payments Scheme
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Free Cash Flow”	Adjusted EBITDA minus corporate working capital change (excluding collaterals), capital expenditure and lease payments. For a reconciliation to our reported historical financial information prepared on an IFRS basis, see <i>“Our Operating and Financial Review—Key Operating and Financial Metrics”</i>
“FSMA”	the Financial Services and Markets Act 2000, as amended
“GDPR”	the General Data Protection Regulation (Regulation (EU) 2016/679 as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018)

“GLBA”	Gramm-Leach-Bliley Act of 1999
“Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council, as amended from time to time
“gross profit margin”	gross profit as a proportion of revenue
“Historic Options”	2015 CSOP Options, EMI Options and Pre-2016 Unapproved Options
“HMRC”	Her Majesty’s Revenue & Customs
“IA Venture”	IA Venture Strategies Fund II, LP and IA Venture Strategies II Side Fund, LP
“IFPRU”	the FCA’s Prudential sourcebook for Investment Firms
“IFRS”	International Financial Reporting Standards, in conformity with the requirements of the Act
“IFRS 16”	IFRS 16 – Leases, which we adopted from 1 April 2019
“Interchange Fee Regulation”	Regulation 2015/751
“IP”	intellectual property
“IVP”	Institutional Venture Partners XV, L.P., Institutional Venture Partners XVI, L.P. and Institutional Venture Partners XV Executive Fund, L.P.
“Jars”	Wise Account savings feature
“KYC”	know your customer
“LIBOR”	London Interbank Offer Rate administered by ICE Benchmark Administration Limited
“Listing Rules”	FCA Handbook Listing Rules
“MAR”	UK Market Abuse Regulation (Regulation (EU) 596/2014, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018)
“MLRs”	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on Payer) Regulations 2017
“MRFA”	the multicurrency revolving facility agreement entered into on 30 March 2020, between TransferWise Ltd, Wise Australia Pty Ltd, TransferWise Europe SA and TransferWise Inc. as original borrowers and original guarantors, the Original Lenders and Silicon Valley Bank as agent, security agent and mandated lead arranger
“MS Bank”	MS Bank S.A. Banco de Câmbio

“MSB”	Money Services Business
“national list”	Belgium’s national terrorist list
“NBB”	National Bank of Belgium
“Non-Executive Directors”	the non-executive Directors of the Company, including Non-Executive Director designates
“NPS”	net promoter score
“Obligors”	each of the Borrowers and the Guarantors (as defined in the MRFA)
“OECD”	the Organisation for Economic Co-operation and Development
“OFAC”	Office of Foreign Assets Control of the United States Department of the Treasury
“OFSI”	HM Treasury’s Office of Financial Sanctions Implementation
“Ordinary Majority”	the holders of more than 50% of the Ordinary Shares
“Ordinary Shares”	the ordinary shares of £0.00001 each in the capital of the Company
“Original Lenders”	Silicon Valley Bank, Citibank N.A., London Branch, JPMorgan Chase Bank N.A., London Branch and National Westminster Bank plc as original lenders under the MRFA
“other fees”	total fees from customer activity other than international transfers as a proportion of volume
“PCAOB”	the Public Company Accounting Oversight Board (United States)
“PI”	NBB authorised and regulated Payment Institution
“POCA”	UK’s Proceeds of Crime Act 2002
“PPF”	purchased payments facilities
“PRA”	Prudential Regulatory Authority
“Pre-2016 Unapproved Options”	options over Ordinary Shares granted under certain contracts entered into in or prior to 2015
“Preferred Director Consent”	the prior written consent of at least one of the Preferred Directors at that time and, if there are no Preferred Directors at the relevant time, either Preferred Special Majority Consent or consent of a Series C Majority, respectively

“Preferred Directors”	such directors of the Company nominated by a Preferred Special Majority or a Series C Majority in accordance with the Articles
“Preferred Shareholders”	the Seed Preferred Shareholders, the Series A Preferred Shareholders, the Series B Preferred Shareholders, the Series C Preferred Shareholders, the Series D Preferred Shareholders and the Series E Preferred Shareholders, from time to time
“Preferred Shares”	the Series E Preferred Shares, the Series D Preferred Shares, the Series C Preferred Shares, the Series B Preferred Shares, the Series A Preferred Shares and the Seed Preferred Shares, from time to time
“Preferred Special Majority”	the holders of at least two-thirds of the Preferred Shares (except in respect of the Preferred Special Majority’s right to appoint a director, in which case it shall mean holders of at least two thirds of the Preferred Shares other than the Series C Preferred Shares) but shall not include the Preferred Shares held by: (1) any transferee of Valar other than a permitted transferee in accordance with the Articles; or (2) any Undesirable Transferee, whether or not such holder qualifies as a permitted transferee of Valar in accordance with the Articles
“Preferred Special Majority Consent”	the prior written consent of the Preferred Special Majority
“Prospectus Regulation”	Regulation EU 2017/1129 as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018 and amendments thereto
“Prospectus Regulation Rules”	the prospectus regulation rules of the FCA made pursuant to Section 73A of FSMA, as amended
“PSD2”	Revised Payment Service Directive
“PSRs”	Payment Services Regulations 2017
“PSUs”	performance share units granted under the 2021 EIP
“R\$”	the lawful currency of Brazil
“Registration Document”	the final registration document approved by the FCA (as competent authority under Regulation (EU) 2017/1129 as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018) as a registration document prepared in accordance with the Prospectus Regulation Rules

“Regulation E”	Regulation E, issued by the Consumer Financial Protection Bureau pursuant to the EFTA
“Relevant Period”	each period of 12 months ending on or about the last day of each financial year and each period of 12 months ending on or about the last day of each financial quarter or, following any successful application for admission of the Company's shares to trading on any recognised investment exchange, each period of 12 months ending on or about the last day of each financial year and each period of 12 months ending on or about the last day of each financial half year under the MRFA
“REST API”	representational state transfer application programming interface
“RSUs”	restricted share units granted under the 2021 EIP
“SDN list”	the Specially Designated Nationals and Blocked Entities list, maintained by OFAC
“Security Agent”	Silicon Valley Bank as security agent under the MRFA
“Seed Preferred Shareholders”	the holders of the Seed Preferred Shares
“Seed Preferred Shares”	the seed preferred shares of £0.00001 each in the capital of the Company
“Senior Debt”	has the meaning given to such term in the MRFA
“Senior Managers”	those individuals identified as such in “ <i>Our Team</i> ”
“SEPA”	Single Euro Payments Area
“Series A Preferred Shareholders”	the holders of the Series A Preferred Shares
“Series A Preferred Shares”	Series A Preferred Shares of £0.00001 each in the capital of the Company
“Series B Preferred Shareholders”	the holders of the Series B Preferred Shares
“Series B Preferred Shares”	the Series B Preferred Shares of £0.00001 each in the capital of the Company
“Series C Majority”	holders of more than 50% of the Series C Preferred Shares
“Series C Preferred Shareholders”	the holders of the Series C Preferred Shares
“Series C Preferred Shares”	the Series C Preferred Shares of £0.00001 each in the capital of the Company
“Series D Preferred Shareholders”	the holders of the Series D Preferred Shares
“Series D Preferred Shares”	the Series D Preferred Shares of £0.00001 each in the capital of the Company

“Series E Preferred Shareholders”	the holders of the Series E Preferred Shares
“Series E Preferred Shares”	the Series E Preferred Shares of £0.00001 each in the capital of the Company
“Shareholder Majority”	holders of more than 50% of the Shares
“Shareholders”	the holders of Shares in the capital of the Company
“Shareholders Agreement”	the shareholders’ agreement originally dated 25 February 2016, as was amended and restated on 7 August 2017, 12 April 2019, and 17 May 2019 (as amended and/or restated from time to time, and including any and all joinders thereto)
“Shares”	The Ordinary Shares, the Seed Preferred Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Series E Preferred Shares
“SLA”	our 24-hour resolution service-level agreement
“SM&CR”	Senior Managers and Certification Regime
“SMB”	small and medium business
“SOFR”	the secured overnight financing rate administered by the Federal Reserve Bank of New York
“SONIA”	the sterling overnight index average reference rate
“sterling” or “pounds sterling” or “pounds” or “UK sterling” or “GBP” or “£” or “pence”	the lawful currency of the United Kingdom
“TACT”	UK’s Terrorist Act 2000
“TINV”	TINV Ltd.
“total take rate”	total fees across all customer activity as a proportion of volume
“UAE”	the United Arab Emirates
“UK Prospectus Regulation”	Regulation (EU) 2017/1129 as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018
“Undesirable Transferee”	a competitor in accordance with the Articles, or any other person or entity that the Board determines, in the Board’s reasonable good faith judgement, would be materially detrimental to the Company or create a material conflict of interest if such person or entity held Shares in the Company
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland

“United States” or “U.S.” or “US”	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
“U.S. dollar” or “US dollar” or “U.S.\$” or “USD” or “\$”	the lawful currency of the United States of America
“U.S. GAAS”	auditing standards generally accepted in the United States
“U.S. Securities Act”	the United States Securities Act of 1933
“Valar”	VV Global LP, Valar Global Principals Fund I LP, Valar Co-Invest 1 LP, VV Global Principals LP, Valar Velocity Fund 1 LP and Valar Global Fund I LP
“volume”	the total cross-currency funds converted by customers
“volume per customer”	the average volume per each active customer, calculated as total volume divided by total active customers in the period
“Wise” or “we” or “our” or “Group”	the Company and its subsidiary undertakings
“Wise Account”	the Wise international account for personal customers
“Wise accounts”	together, the Wise international accounts for personal (Wise Account) and business (Wise Business)
“Wise Australia”	Wise Australia Pty Ltd.
“Wise Business”	the Wise international account for business customers
“Wise Europe”	TransferWise Europe SA/NV
“Wise Platform”	the Wise product for bank and enterprise partners
“Wise Transfer”	Wise’s product for sending money
“Wisers”	Wise employees